

**CITY OF MADERA
CALIFORNIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013**

**CITY OF MADERA
CALIFORNIA**

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council of the
City of Madera
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Madera, California (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Madera, California, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding New Accounting Pronouncement Adopted

As described in Note 1.P.a to the basic financial statements, effective July 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*, and Statement No.65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of funding progress listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Price Pange & Company

Clovis, California
March 25, 2014

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

This discussion and analysis of the City of Madera's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The City's government-wide total assets exceeded liabilities (net position) at the close of the fiscal year by \$299 million, which is 9% greater than 2012. Of this amount, \$30 million, 34% less than 2012, is in unrestricted net position, which is available to meet the City's ongoing commitments to citizens and creditors.
- The City's total net position increased by \$24 million. Successor Agency equity was incorrectly included in the City's government-wide financial statements in 2012 and it has a net deficit of \$40 million. The Housing Authority of the City of Madera is being reported as a discretely presented component unit as a result of the implementation of GASB Statement No. 61. The Housing Authority of the City of Madera was reported as a blended component unit of the City in 2012 and the net position was \$17 million.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$35 million, a decrease of \$6 million in comparison with the prior year. Approximately 24% of this amount (\$8 million) is available for spending at the City's discretion (unassigned fund balance).
- The City's General Fund, including Code Enforcement, Insurance Reserve, Payroll Clearing, Community Development and LEA Tire Grants, ended the year with a fund balance of \$10 million, which represents a net decrease of approximately \$286,000 from the previous year. The unassigned balance of slightly over \$8.6 million is available for carryover to fund future general fund expenditures.
- During the year, 4% rate increases were implemented for water and sewer services. A new contract for refuse franchise hauling services was awarded during the year, which resulted in an annual savings of \$1.2 million. As a result of the new contract, additional services were provided such as composting green waste and car battery pickup.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements include all activities of the City of Madera, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the Government.

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid out.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The *statement of net position* presents information on all the City's assets, liabilities, and deferred outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as one indicator of whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed in the most recent fiscal year. All changes of net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported on this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements of the City are divided as follows:

Governmental Activities: Most of the City's basic services are included here such as public safety, transportation (street and roads), community development, culture and recreation and general government. These services are primarily financed by property and sales taxes and federal and state grants.

Business-type Activities: The City charges fees to customers to cover the costs of services provided. The City's utilities, water, sewer, community sanitation (refuse and street cleaning), golf course, and airport, as well as public transit services are included here.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the City can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a governments near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements.

The City of Madera maintains nineteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, General Development Impact Fee Fund and the Special Gas Tax Fund, all of which are considered to be major funds. Data from the other sixteen funds are combined into a single aggregated presentation. Individual fund data for

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance to this budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. The City has two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes enterprise funds to account for those activities that are supported primarily by user charges to external users, and includes community sanitation, sewer disposal, water and transit. Internal service funds are used to account for activities that are supported by user charges primarily to the City's other programs and activities and include fleet management, facility maintenance, and computer replacement. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sewer, Solid Waste, and Drainage Operations funds since they are all major funds. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. All of the internal service funds are combined into a single, aggregated presentation in the fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-33 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefits of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use these funds to finance its operations.

The fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 36-76 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 78-82 of this report.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2013, with comparative data for the fiscal year ended June 30, 2012.

City of Madera's Net Position

	Governmental activities		Business-type activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Current and other assets	\$ 44,586,418	\$ 51,342,431	\$ 26,429,927	\$ 34,022,370	\$ 71,016,345	\$ 85,364,801
Capital assets	<u>188,043,614</u>	<u>192,943,734</u>	<u>113,578,402</u>	<u>129,114,705</u>	<u>301,622,016</u>	<u>322,058,439</u>
Total assets	<u>232,630,032</u>	<u>244,286,165</u>	<u>140,008,329</u>	<u>163,137,075</u>	<u>372,638,361</u>	<u>407,423,240</u>
Liabilities:						
Current and other liabilities	4,889,284	10,017,642	3,428,033	3,905,165	8,317,317	13,922,807
Long-term liabilities	<u>9,132,036</u>	<u>58,310,040</u>	<u>56,380,358</u>	<u>60,912,929</u>	<u>65,512,394</u>	<u>119,222,969</u>
Total liabilities	<u>14,021,320</u>	<u>68,327,682</u>	<u>59,808,391</u>	<u>64,818,094</u>	<u>73,829,711</u>	<u>133,145,776</u>
Deferred inflows of resources:						
Deferred service concession agreement receipts	-	-	45,000	-	45,000	-
Net position:						
Net investment in capital assets	182,862,086	137,089,854	60,768,756	68,322,670	243,630,842	205,412,524
Restricted	24,794,707	13,273,859	-	9,718,860	24,794,707	22,992,719
Unrestricted	<u>10,951,919</u>	<u>25,594,770</u>	<u>19,386,182</u>	<u>20,277,451</u>	<u>30,338,101</u>	<u>45,872,221</u>
Total net position	<u>\$ 218,608,712</u>	<u>\$ 175,958,483</u>	<u>\$ 80,154,938</u>	<u>\$ 98,318,981</u>	<u>\$ 298,763,650</u>	<u>\$ 274,277,464</u>

As of June 30, 2013, the City's government-wide total assets exceeded liabilities (net position) by \$299 million. Governmental activities finished the year with a positive net position balance of \$219 million, an increase of \$43 million, or 24% over 2012. Business-type activities finished the year with a positive balance of \$80 million, a decrease of \$18 million, or 18% over 2012. Net position, as noted earlier, may serve over time as a useful indicator of the City's financial position. Of the total net position, \$244 million or 82% is the City's net investment in capital assets (e.g. land, buildings and improvements, machinery and equipment and the road network) less any related debt used to acquire those assets that is still outstanding.

The City's investment in capital assets increased by \$38 million, restricted net assets increased \$2 million and unrestricted net position decreased \$16 million, accounting for the increase in total net assets of \$24 million. This is primarily because the Successor Agency equity was incorrectly included in the City's government-wide financial statements in 2012 and it has a net deficit of \$40 million. The Housing Authority of the City of Madera is being reported as a discretely presented component unit as a result of the implementation of GASB Statement No. 61. The Housing Authority of the City of Madera was reported as a blended component unit of the City in 2012 and the net position was \$17 million.

All of the City's long-term liabilities relate to the acquisition of capital assets. Some of those assets include the City's youth center, police facility, and sewer and water infrastructure including the water and wastewater treatment plant, a sewer truck and a municipal golf course facility. These capital assets are utilized to provide services to citizens and are not available for future spending. The repayment of the debt on these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents \$25 million or 8% of the total. Restricted net position represents those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Unrestricted net position represents those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position represents \$30 million or 10% of the total net position, which is a decrease of \$15 million or 34% from the previous year. Governmental activities account for \$11 million or 36% of the total unrestricted net position and decreased by \$15 million or 57% compared to last year. Business-type activities account for \$19 million or 24% of the total unrestricted net position and decreased by \$891,269 or 4% compared to last year.

Governmental activities. Governmental activities account for \$219 million or 73% of the total Government-wide net position. This is an increase of \$43 million or 24% over June 30, 2012. However, included in that \$43 million increase is a \$39 million of prior period adjustments, which is primarily related to Successor Agency equity was incorrectly included in the City's government-wide financial statements in 2012 and it has a net deficit of \$40 million.

The following lists key components of this increase:

City of Madera's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 7,099,271	\$ 7,607,080	\$ 19,136,415	\$ 22,178,388	\$ 26,235,686	\$ 29,785,468
Operating grants and contributions	21,036,408	2,006,390	1,431,191	7,183,045	22,467,599	9,189,435
Capital grants and contributions	713,470	4,132,780	1,208,520	446,209	1,921,990	4,578,989
General revenues:						
Property taxes	2,757,456	7,295,050	98,923	-	2,856,379	7,295,050
Sales and use taxes	4,573,272	15,573,874	-	-	4,573,272	15,573,874
Franchise taxes	584,160	558,779	-	-	584,160	558,779
Other taxes	1,899,648	6,009,672	-	-	1,899,648	6,009,672
Motor vehicle fees	-	3,750,000	-	-	-	3,750,000
Investment earnings	1,216,644	1,112,556	19,315	70,281	1,235,959	1,182,837
Gain (loss) on sale of capital assets	14,184	-	(52,915)	-	(38,731)	-
Miscellaneous	841,992	(70,336)	35,542	430,375	877,534	360,039
Total revenues	<u>40,736,505</u>	<u>47,975,845</u>	<u>21,876,991</u>	<u>30,308,298</u>	<u>62,613,496</u>	<u>78,284,143</u>
Expenses:						
General government	11,946,360	8,275,715	-	-	11,946,360	8,275,715
Public safety	13,096,060	12,384,317	-	-	13,096,060	12,384,317
Public ways and facilities	2,940,005	2,350,315	-	-	2,940,005	2,350,315
Social Services	686,717	577,321	-	-	686,717	577,321
Culture and recreation	3,749,071	2,693,874	-	-	3,749,071	2,693,874
Community development	5,639,070	5,879,206	-	-	5,639,070	5,879,206
Interest on long-term debt	291,000	2,851,745	-	-	291,000	2,851,745
Depreciation	-	8,627,095	-	-	-	8,627,095
Local transit	-	-	1,792,905	1,641,113	1,792,905	1,641,113
Water	-	-	5,212,633	7,826,911	5,212,633	7,826,911
Sewer	-	-	7,281,744	7,414,003	7,281,744	7,414,003
Golf course	-	-	130,394	229,294	130,394	229,294
Airport	-	-	697,826	690,753	697,826	690,753
Solid waste	-	-	5,524,217	6,207,826	5,524,217	6,207,826
Drainage operations	-	-	895,238	904,659	895,238	904,659
Housing Authority	-	-	-	9,755,931	-	9,755,931
Total expenses	<u>38,348,283</u>	<u>43,639,588</u>	<u>21,534,957</u>	<u>34,670,490</u>	<u>59,883,240</u>	<u>78,310,078</u>
Increase (decrease) in net position before transfers	2,388,222	4,336,257	342,034	(4,362,192)	2,730,256	(25,935)
Transfers	1,305,047	892,807	(1,305,047)	(892,807)	-	-
Extraordinary gain (loss) - RDA dissolution	-	(4,737,825)	-	-	-	(4,737,825)
Increase (decrease) in net position	<u>3,693,269</u>	<u>491,239</u>	<u>(963,013)</u>	<u>(5,254,999)</u>	<u>2,730,256</u>	<u>(4,763,760)</u>
Net position - beginning	175,958,483	175,467,244	98,318,981	103,466,722	274,277,464	278,933,966
Prior period adjustments	38,956,960	-	(17,201,030)	107,258	21,755,930	107,258
Net position - beginning, as restated	<u>214,915,443</u>	<u>175,467,244</u>	<u>81,117,951</u>	<u>103,573,980</u>	<u>296,033,394</u>	<u>279,041,224</u>
Net position - ending	<u>218,608,712</u>	<u>175,958,483</u>	<u>80,154,938</u>	<u>98,318,981</u>	<u>298,763,650</u>	<u>274,277,464</u>

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Total governmental revenues for the year were \$41 million, which is \$7 million or 15% less than in 2012. The majority of this decrease, \$5 million, is attributable to the improper inclusion of the Successor Agency as a Special Revenue Fund within governmental activities in 2012. The revenues related to the Successor Agency are now properly reported as a private purpose trust fund and not reported within governmental activities.

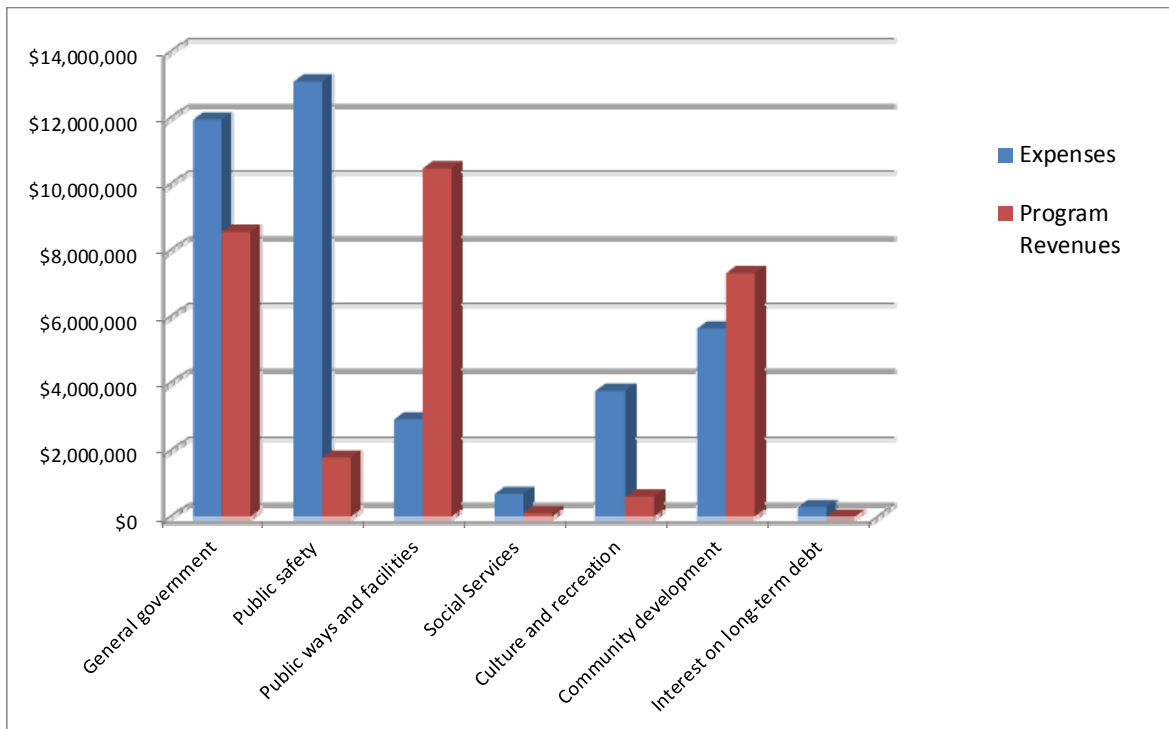
- Charges for services of \$7 million in 2013 accounted for 17% of the total revenue and are approximately \$500,000 or 7% less than 2012. Most of this decrease is related to approximately \$350,000 of charges related to the Successor Agency that were improperly included in governmental activities in 2012.
- Operating grants and contributions increased \$19 million from the previous year, mainly due to the differences between the classifications of certain operating grants and contributions as sales and use taxes, other taxes, and motor vehicle fees in fiscal year 2012.
- Taxes, including property, sales, franchise, and other taxes, account for \$10 million or 24% of the City's governmental activities revenue. Because of the different manner of classification and reporting between fiscal years 2012 and 2013 (explained above), it is difficult to make a meaningful comparison to some of the prior year's taxes. However, after backing out \$5 million of the Successor Agency property taxes from the 2012 amounts, property taxes increased by \$409,153 due to higher property values. Actual sales taxes increased by \$403,802 from the fiscal year 2012. The most significant increases were realized in new auto sales, service stations, wholesale building materials and apparel stores. The growth in new auto sales and service stations was common in the Central Valley. The apparel stores growth comes from new apparel stores opening. Actual franchise taxes increased by \$25,380 and actual other taxes decreased by \$195,106.

Total governmental expenses for the year were \$38 million, a decrease of \$5 million or 12% from 2012. The majority of this decrease, \$5 million, is attributable to the improper inclusion of the Successor Agency as a Special Revenue Fund within governmental activities in 2012. The expenses related to the Successor Agency are now properly reported as a private purpose trust fund and not reported within governmental activities.

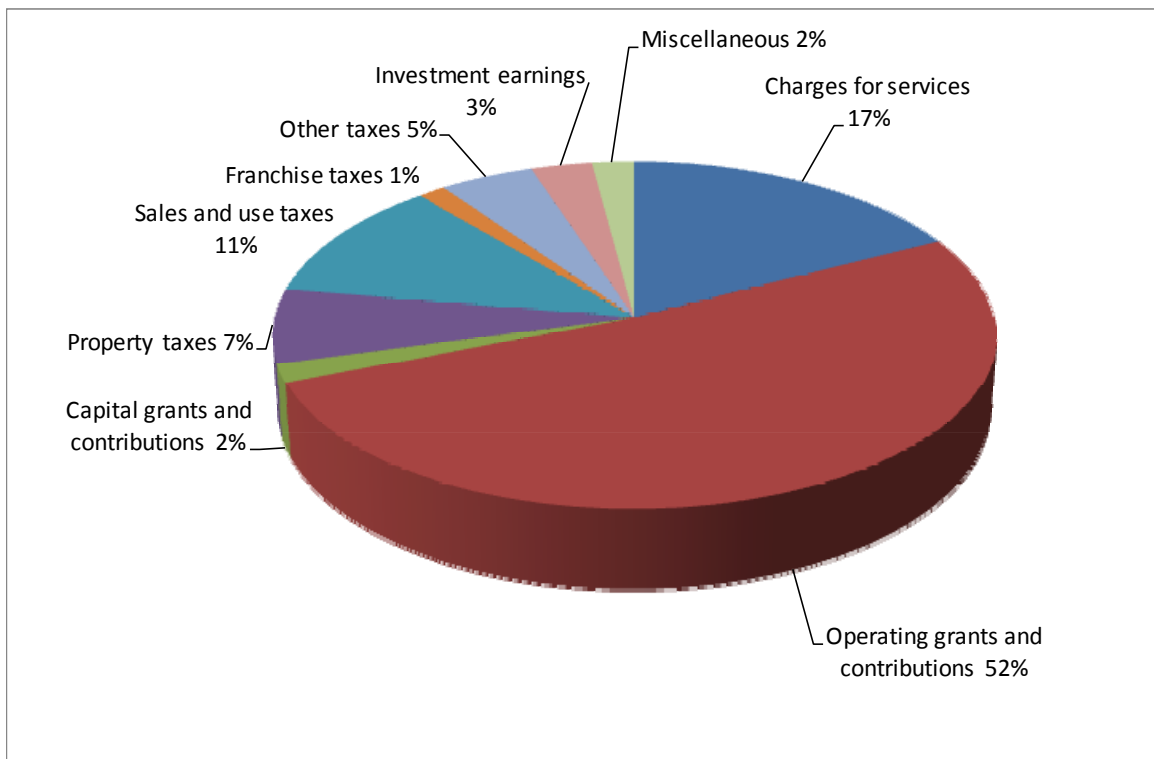
- \$8.6 million of depreciation expense was reported as a separate expense line in fiscal year 2012; however, \$5.5 million of depreciation expense is included in each of the City's function. This difference in reporting explained the majority of the increase in expenses for each function.
- In addition, reclassification of expenses from general government to other City's functions was made in 2013. As a result of the reclassification, it is difficult to make a meaningful comparison to some of the prior year's expenses.
- Interest on long-term debt decreased by \$2.6 million primarily related to the Successor Agency that was improperly included in governmental activities in 2012.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

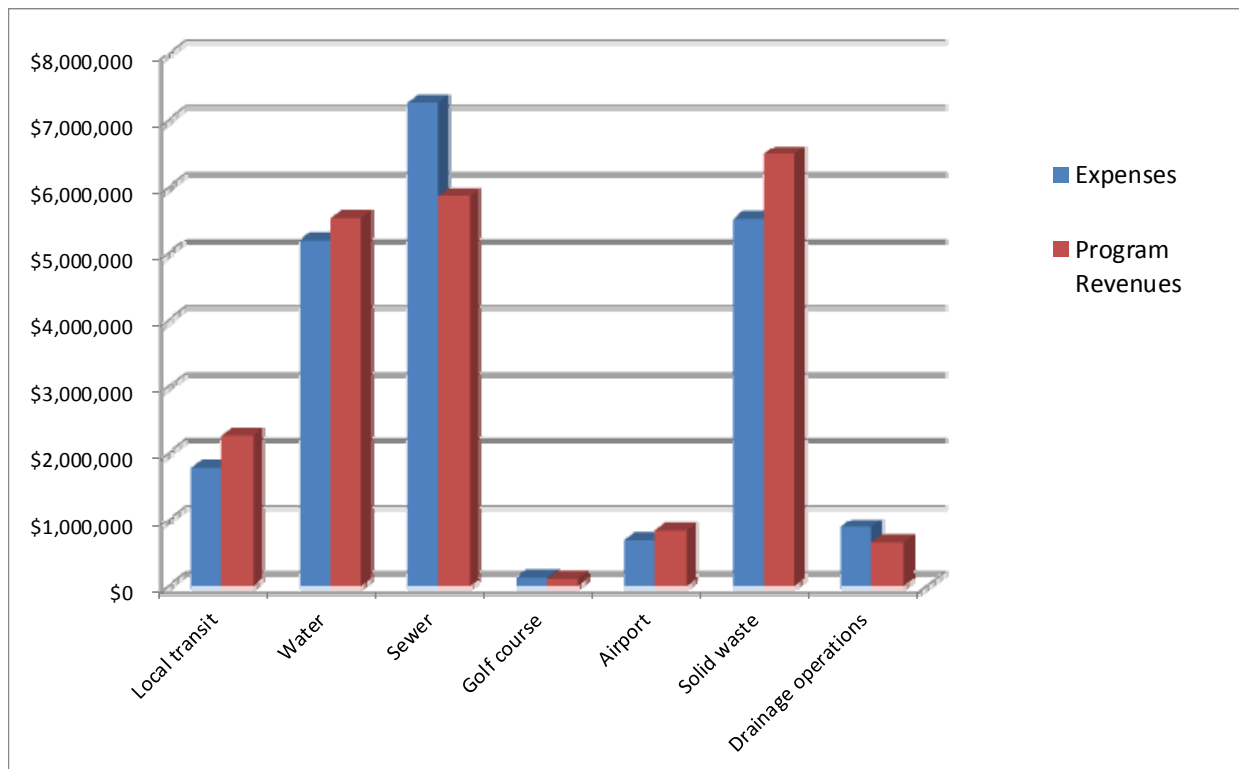
Program revenues that include charges for services and grants specific to certain programs account for \$29 million or 71% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of "general" revenues such as taxes, interest, and grants and contributions.

Business-type Activities. Business-type activities account for \$80 million or 27% of the total Government-wide net position. This is a decrease of \$18 million or 18% from June 30, 2012. Primarily, the decrease was related to the Housing Authority of the City of Madera being reported as a discretely presented component unit as a result of the implementation of GASB Statement No. 61. The Housing Authority of the City of Madera was reported as a blended component unit of the City in 2012 in the business-type activities and the net position was \$17 million. Net Investment in Capital Assets accounts for \$61 million or 76% of the total net position and is a decrease of \$8 million from 2012. Unrestricted Net Position of \$19 million, or 24% of total net position, decreased \$891,269 from 2012.

Charges for services decreased by \$3 million from the prior year due to the following:

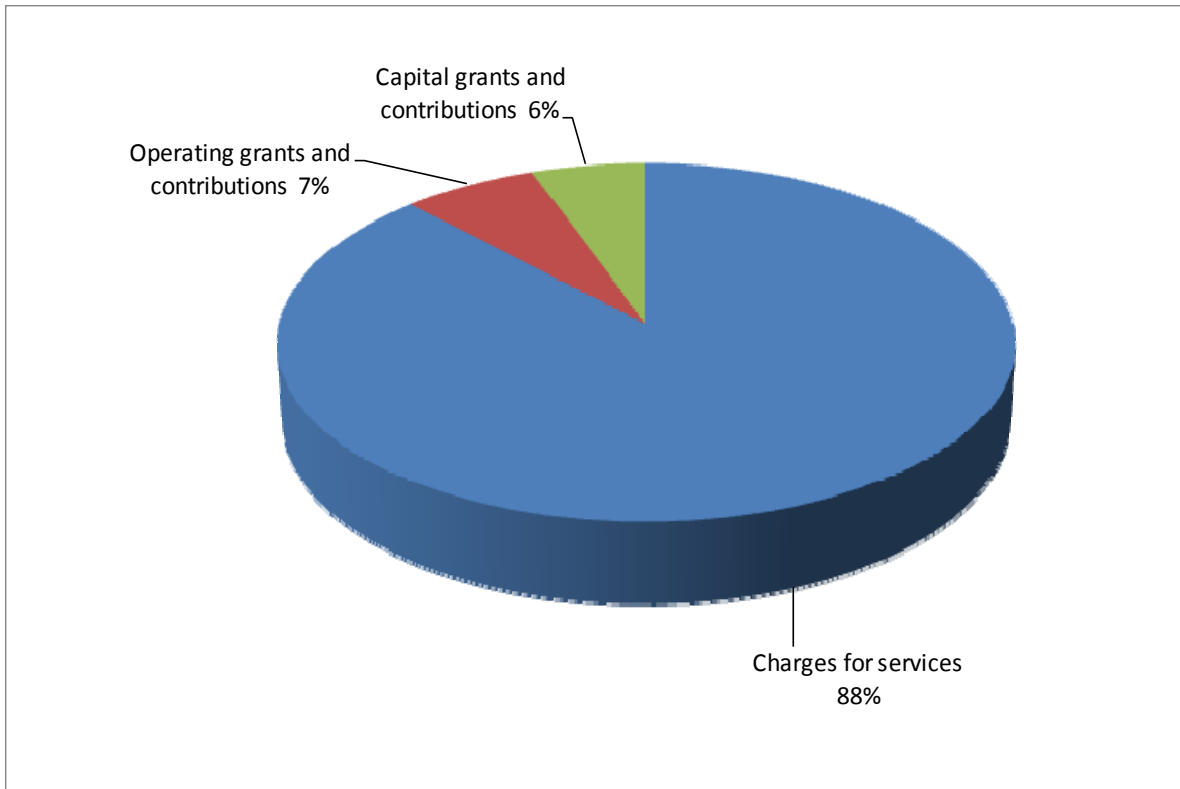
- A decrease of \$1.5 million due to the removal of the Housing Authority of the City of Madera from the business-type activities and reported as a discretely present component unit in the current year.
- A reclassification between charges for services and other revenue categories (operating grants and contributions, capital grants and contributions, and general revenues).
- Rates for water and sewer services increased by 4% from the prior year.

Expenses and Program Revenues-Business-type Activities



**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Revenues by Source - Business-type Activities



Included in charges for services are user fees relating to the water, sewer, solid waste, drainage, transit, golf course, and airport operations.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Fund balance is defined in five categories: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balances cannot be spent because they are not in spendable form. Restricted fund balances have limitations imposed externally by creditors, granters, contributors, or laws and regulations of other governments. Committed fund balances have self-imposed limitations set in place prior to the end of the period. Assigned fund balances are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Unassigned fund balances are the amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

All of the City's governmental funds ended the year with positive fund balances. The ending fund balance for all funds is \$35 million, which is \$6 million less than the previous year. The decrease is primarily due to the Successor Agency's equity which was incorrectly included in the City's fund financial statements in 2012. The Successor Agency's equity totaled \$7.8 million as of June 30, 2012.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Of the total fund balance, \$8.5 million or 24% is unassigned, which, within the limitations of the fund's purpose, is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not in spendable form, legally required to be maintained intact, restricted for particular purposes, committed for particular purposes, or assigned for particular purposes. The details of the remainder are as follows:

Nonspendable:	
Inventory	\$ 51,244
Prepaid items	5,506
Long-term interfund advances	306,003
Restricted:	
Community development	6,432,408
Park development	180,080
Parking improvements	94,872
Public works and transportation	7,094,856
Special assessment project	1,550,670
Social services	52,142
Capital projects and improvements	9,389,679
Debt service	264,360
Assigned:	
Golf course capital	20,000
OPEB liability	97,339
Insurance	735,769
Purchase on order	321,266
Unassigned	8,503,559

General Fund

The general fund is the chief operating fund of the City. As of June 30, 2013, the *total* fund balance (including all categories) of the general fund was \$10.2 million, down \$0.3 million from June 30, 2012. The total fund balance of \$10.2 million includes non-spendable balances of \$0.4 million, restricted balance of \$22.1 million, assigned balances of \$1.2 million and an unassigned balance of \$8.6 million.

The general fund does not report any *restricted fund* balance in 2013. This represents a decreased of \$1.5 million from 2012 due to the lease that was paid off during the year. The *assigned* fund balance increased by \$1.1 million; from \$0.1 million to \$1.2 million.

The *unassigned* fund balance increased \$0.8 million when compared to June 30, 2012. The \$8.6 million unassigned portion represents the amount carried over to offset the impact of any revenue shortfall that may occur in the next year due to economic uncertainty. As a measurement of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 33% of total general fund expenditures, while total fund balance represents approximately 39% of that same amount.

The fund balance of the City's General Fund decreased by \$286,504 during fiscal 2013 year due to the current year expenditures exceeding the revenues.

Other Major Funds

The General Development Impact Fee Special Revenue fund, a major fund, had a \$413,230 increase in fund balance during the current fiscal year. The increase in fund balance is due to fewer projects or improvements in the current fiscal year. The ending fund balance of \$9.4 million is restricted for capital projects and improvements.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The Special Gas Tax Special Revenue fund, a major fund, has a \$304,243 decrease in fund balance during the current fiscal year. The decrease in fund balance is due to approximately \$1.5 million of aid from other agencies which are recorded as unavailable revenue due to transactions that have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The ending fund balance of \$7.0 million is restricted for public works and transportation.

Proprietary funds. As indicated in the description of proprietary funds, there are two types of funds, enterprise and internal service funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

All of the City's enterprise funds and internal service funds ended the year with positive unrestricted net position as follows:

Water Fund	\$6,665,652
Sewer Fund	9,216,708
Solid Waste Fund	2,888,227
Drainage Operations Fund	190,690
Nonmajor Enterprise Funds	646,183
Internal Service Fund	1,347,379

As noted earlier in the discussion of business-type activities, rates for water and sewer services increased by 4% in the current year. The savings for the utility funds was due to the postponement of installing Water Well #18 and from a new service provider contract for refuse pickup.

General Fund Budgetary Highlights

Throughout the fiscal year it was necessary to adjust the original General Fund budget. The General Fund's Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual on page 78 shows the original budget and final budget. Below is a summary of the primary amendments:

- \$206,607 Public Protection - Various grant expenditures offset by new grant revenues
- \$218,570 Community Development - additional staff expenses
- \$301,614 Culture & Recreation - A reduction in anticipated revenue combined with additional staff expenses

The budget variances were the result of additional grants awarded during the year to the Police Department, and a reduction in anticipated revenue combined with additional staff expenses.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$301 million (net of depreciation), a decrease of \$20 million over 2012. The decrease is primarily due to the amount of \$3.2 million previously recorded in the City's governmental activities which was returned to the Successor Agency during the year ended June 30, 2013. In addition, capital assets of the Housing Authority of the City of Madera are removed from the City's business-type activities during the current year because the Housing Authority is reported as a discretely presented component unit as a result of the implementation of GASB Statement No. 61. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and road network.

Major capital asset additions this year include the following:

- Road network improvements - \$11 million
- Buildings and improvements (youth center, airport & bus shelters) - \$1.4 million
- Equipment purchases (transit busses, vehicles, phone system) - \$1 million

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

During the year the City made improvements to various streets and received developer donated infrastructure. The infrastructure improvements include the connection to the City sewer system for the Low Income Housing project at the Arbor-Point Apartments. Additional information on the City's capital assets can be found in Note 5 on pages 53-54.

City of Madera's Capital Assets

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 7,434,539	\$ 7,824,105	\$ 9,026,516	\$ 10,171,237	\$ 16,461,055	\$ 17,995,342
Construction in progress	18,931,513	18,168,780	382,369	1,208,418	19,313,882	19,377,198
Buildings and improvements	16,432,839	18,470,604	35,022,559	47,210,336	51,455,398	65,680,940
Equipment	2,596,262	4,951,812	2,204,448	1,864,140	4,800,710	6,815,952
Infrastructure	142,648,461	143,528,433	66,942,510	68,660,574	209,590,971	212,189,007
	<u>\$ 188,043,614</u>	<u>\$ 192,943,734</u>	<u>\$ 113,578,402</u>	<u>\$ 129,114,705</u>	<u>\$ 301,622,016</u>	<u>\$ 322,058,439</u>

Long-term Debt. The City's long-term debt as of June 30, 2013 was \$62 million with governmental activities accounting for \$6 million or 10%, and business-type activities accounting for \$56 million or 90%. The total debt decreased by \$55 million during the current fiscal year. The reason for the decrease was that \$50 million of Tax Allocation Bonds previously recorded in the City's governmental activities was moved to the Successor Agency during the year ended June 30, 2013. In addition, loans payable of the Housing Authority of the City of Madera in the amount of \$3.5 million are removed from the City's business-type activities during the current year because the Housing Authority is reported as a discretely presented component unit as a result of the implementation of GASB Statement No. 61.

City of Madera's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Capital Leases	\$ 2,179,997	\$ 2,461,155	\$ 68,565	\$ 93,842	\$ 2,248,562	\$ 2,554,997
Loans Payable	1,053,926	-	8,987,186	12,806,316	10,041,112	12,806,316
Bonds Payable	2,786,337	53,392,725	46,782,875	47,891,878	49,569,212	101,284,603
	<u>6,020,260</u>	<u>55,853,880</u>	<u>55,838,626</u>	<u>60,792,036</u>	<u>61,858,886</u>	<u>116,645,916</u>

General obligation debts are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Madera's debt limit is \$1.1 billion. Detailed information on the City's long-term debt activity can be found in Note 7 on pages 56-62.

Economic Factors and Next Year's Budgets and Rates

The City is closely watching the national economy and keeping up with the State's budget issues and the impact these have on Madera. During the budget development process for the 2013/14 fiscal year, the City was able to increase general fund expenditures by \$1.4 million compared to the estimated 2012/13 expenditures. New spending includes capital items like the new fire engine and computer replacements. Even with the new spending, the General Fund is still spending 12% less than they were three years ago. Despite all the challenges the City has faced, staff projects to have a reserve balance of approximately \$9,175,000 which is only \$736,000 less than we had four years ago. This reserve as a percentage of spending holds steady at 35%.

Economic forecasts for Madera County indicate continued economic recovery, although at a pace which may be below some areas in California and the nation. Local projections included with the 2013/14 budget anticipate a relatively slow recovery with 2% to 4% annual revenue gains that are projected for the next two years. The good news is the local economy is improving. Taxable sales are projected to increase by 6% compared to the previous fiscal year 2012/13.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Residential building activity saw modest growth in 2013 and continued growth is projected throughout 2014. The City of Madera continues to see a demand for new homes in the City and the new smaller, more affordable product lines being built by local developers have been well received by homebuyers. In early 2014, the local school district drastically reduced school impact fees to a level comparable with surrounding communities. Local officials anticipate that this may result in more homes, and larger homes, being built in the community.

The City has seen increased interest from new businesses wanting to locate in Madera. Examples of regional or national retailers locating in the area include Les Schwab Tire Center and Tractor Supply Company, with both companies planning to start construction on new projects during the spring of 2014.

The slow but steady economic recovery offers opportunities to adjust and prepare for the changes occurring in the business environment. The City continues to work on updating its zoning ordinance to fully implement the General Plan it adopted in 2009. The City recognizes the need to encourage private sector businesses and industries to develop and expand within the City. This will benefit our citizens and support the desired quality of life this community prefers.

HDR Consultants prepared a rate study approving water and sewer rate increases of 4% for fiscal years 12/13, 13/14 and 14/15. Through an RFP process the City obtained a new contract for franchise hauling services for refuse and recycling. The new contract was awarded to Sunset Waste Systems and resulted in a \$1.2 million annual savings for the City. As a result of the new contract, additional services such as composting green waste and car battery pickup are now being provided.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Madera's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Madera, 205 W. 4th Street, Madera, CA, 93637.

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BASIC FINANCIAL STATEMENTS

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CITY OF MADERA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Authority of the City of Madera
ASSETS				
Cash and investments	\$ 31,021,398	\$ 20,808,817	\$ 51,830,215	\$ 2,972,739
Receivables:				
Accounts, net	6,372,950	1,890,305	8,263,255	141,450
Interest	159,495	100	159,595	63,283
Prepaid items	5,506	-	5,506	1,606
Inventories	51,244	-	51,244	70,728
Internal balances	1,567,486	(1,567,486)	-	-
Restricted assets:				
Cash and investments with fiscal agents	264,360	5,298,191	5,562,551	1,921,517
Notes receivable	3,703,979	-	3,703,979	4,008,042
Land held for resale	1,440,000	-	1,440,000	-
Capital assets not being depreciated	26,366,052	9,408,885	35,774,937	809,838
Capital assets, net of accumulated depreciation	<u>161,677,562</u>	<u>104,169,517</u>	<u>265,847,079</u>	<u>10,386,528</u>
 Total assets	 <u>232,630,032</u>	 <u>140,008,329</u>	 <u>372,638,361</u>	 <u>20,375,731</u>
LIABILITIES				
Accounts payable	1,450,307	1,123,901	2,574,208	72,919
Accrued liabilities	-	-	-	57,640
Salaries payable	93,913	14,460	108,373	-
Accrued interest payable	45,510	777,071	822,581	-
Unearned revenue	189,349	133,959	323,308	5,052
Deposits payable	3,110,205	1,378,642	4,488,847	174,540
Other liabilities	-	-	-	687
Noncurrent liabilities:				
Due within one year	1,177,322	1,796,316	2,973,638	119,562
Due in more than one year	<u>7,954,714</u>	<u>54,584,042</u>	<u>62,538,756</u>	<u>3,791,219</u>
 Total liabilities	 <u>14,021,320</u>	 <u>59,808,391</u>	 <u>73,829,711</u>	 <u>4,221,619</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession agreement receipts	-	45,000	45,000	-
 Total deferred inflows of resources	 <u>-</u>	 <u>45,000</u>	 <u>45,000</u>	 <u>-</u>
NET POSITION				
Net investment in capital assets	182,862,086	60,768,756	243,630,842	7,470,717
Restricted for:				
Community development	6,432,408	-	6,432,408	-
Park development	180,080	-	180,080	-
Parking improvements	94,872	-	94,872	-
Public works and transportation	7,094,856	-	7,094,856	-
Special assessment project	1,550,670	-	1,550,670	-
Law enforcement	-	-	-	-
Social service	52,142	-	52,142	-
Capital projects and improvements	9,389,679	-	9,389,679	-
Housing services	-	-	-	1,654,879
Unrestricted	<u>10,951,919</u>	<u>19,386,182</u>	<u>30,338,101</u>	<u>7,028,516</u>
 Total net position	 <u>\$ 218,608,712</u>	 <u>\$ 80,154,938</u>	 <u>\$ 298,763,650</u>	 <u>\$ 16,154,112</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MADERA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions/Programs:</u>				
Primary government:				
Governmental activities:				
General government	\$ 11,946,360	\$ 2,378,007	\$ 6,177,777	\$ -
Public safety	13,096,060	866,792	917,066	-
Public ways and facilities	2,940,005	878,294	8,885,873	713,470
Social services	686,717	50,366	66,390	-
Culture and recreation	3,749,071	565,127	41,630	-
Community development	5,639,070	2,360,685	4,947,672	-
Interest on long-term debt	291,000	-	-	-
Total governmental activities	38,348,283	7,099,271	21,036,408	713,470
Business-type activities:				
Local transit	1,792,905	169,192	1,402,414	687,607
Water	5,212,633	5,456,782	-	77,251
Sewer	7,281,744	5,814,256	-	61,305
Golf course	130,394	111,362	-	-
Airport	697,826	461,955	22,452	353,307
Solid waste	5,524,217	6,487,018	6,325	-
Drainage operations	895,238	635,850	-	29,050
Total business-type activities	21,534,957	19,136,415	1,431,191	1,208,520
Total primary government	\$ 59,883,240	\$ 26,235,686	\$ 22,467,599	\$ 1,921,990
Component units:				
Housing Authority of the City of Madera	\$ 9,168,057	\$ 1,517,669	\$ 6,419,806	\$ 40,267
Total component units	\$ 9,168,057	\$ 1,517,669	\$ 6,419,806	\$ 40,267

General revenues:
Property taxes
Sales and use taxes
Franchise taxes
Other taxes
Investment earnings
Gain (loss) on sale of capital assets
Miscellaneous
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning
Prior period adjustments
Net position - beginning (restated)

Net position - ending

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Housing Authority of the City of Madera
\$ (3,390,576)	\$ -	\$ (3,390,576)	\$ -
(11,312,202)	-	(11,312,202)	-
7,537,632	-	7,537,632	-
(569,961)	-	(569,961)	-
(3,142,314)	-	(3,142,314)	-
1,669,287	-	1,669,287	-
(291,000)	-	(291,000)	-
(9,499,134)	-	(9,499,134)	-
-	466,308	466,308	-
-	321,400	321,400	-
-	(1,406,183)	(1,406,183)	-
-	(19,032)	(19,032)	-
-	139,888	139,888	-
-	969,126	969,126	-
-	(230,338)	(230,338)	-
-	241,169	241,169	-
(9,499,134)	241,169	(9,257,965)	-
			(1,190,315)
			(1,190,315)
2,757,456	98,923	2,856,379	-
4,573,272	-	4,573,272	-
584,160	-	584,160	-
1,899,648	-	1,899,648	-
1,216,644	19,315	1,235,959	9,920
14,184	(52,915)	(38,731)	-
841,992	35,542	877,534	669,040
1,305,047	(1,305,047)	-	-
13,192,403	(1,204,182)	11,988,221	678,960
3,693,269	(963,013)	2,730,256	(511,355)
175,958,483	98,318,981	274,277,464	16,937,792
38,956,960	(17,201,030)	21,755,930	(272,325)
214,915,443	81,117,951	296,033,394	16,665,467
\$ 218,608,712	\$ 80,154,938	\$ 298,763,650	\$ 16,154,112

The accompanying notes are an integral part of these financial statements.

**CITY OF MADERA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

		Special Revenue			
	General	General Development Impact Fee Fund	Special Gas Tax Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 7,005,614	\$ 12,473,690	\$ 6,788,811	\$ 3,885,300	\$ 30,153,415
Receivables:					
Accounts, net	3,268,119	6,222	2,069,256	994,117	6,337,714
Interest	159,109	-	-	386	159,495
Notes	-	-	-	3,703,979	3,703,979
Prepaid items	5,506	-	-	-	5,506
Inventories	51,244	-	-	-	51,244
Due from other funds	1,606,092	-	-	12,018	1,618,110
Advances to other funds	306,003	-	-	-	306,003
Land held for resale	-	-	-	1,440,000	1,440,000
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	264,360	264,360
Total assets	<u>\$ 12,401,687</u>	<u>\$ 12,479,912</u>	<u>\$ 8,858,067</u>	<u>\$ 10,300,160</u>	<u>\$ 44,039,826</u>
LIABILITIES					
Accounts payable	\$ 441,207	\$ 3,592	\$ 305,243	\$ 520,459	\$ 1,270,501
Salaries payable	90,084	-	-	3,830	93,914
Due to other funds	12,018	-	-	565,884	577,902
Unearned revenue	-	-	-	189,349	189,349
Deposit payable	23,563	3,086,641	-	-	3,110,204
Total liabilities	<u>566,872</u>	<u>3,090,233</u>	<u>305,243</u>	<u>1,279,522</u>	<u>5,241,870</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>1,646,073</u>	<u>-</u>	<u>1,535,927</u>	<u>516,203</u>	<u>3,698,203</u>
Total deferred inflows of resources	<u>1,646,073</u>	<u>-</u>	<u>1,535,927</u>	<u>516,203</u>	<u>3,698,203</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventory	51,244	-	-	-	51,244
Prepaid items	5,506	-	-	-	5,506
Long-term interfund advances	306,003				306,003
Restricted:					
Community development	-	-	-	6,432,408	6,432,408
Park development	-	-	-	180,080	180,080
Parking improvements	-	-	-	94,872	94,872
Public works and transportation	-	-	7,016,897	77,959	7,094,856
Special assessment project	-	-	-	1,550,670	1,550,670
Social service	-	-	-	52,142	52,142
Capital projects and improvements	-	9,389,679	-	-	9,389,679
Debt service	-	-	-	264,360	264,360
Assigned:					
Golf course capital	20,000	-	-	-	20,000
OPEB liability	97,339	-	-	-	97,339
Insurance	735,769	-	-	-	735,769
Purchase on order	321,266	-	-	-	321,266
Unassigned	<u>8,651,615</u>	<u>-</u>	<u>-</u>	<u>(148,056)</u>	<u>8,503,559</u>
Total fund balances (deficits)	<u>10,188,742</u>	<u>9,389,679</u>	<u>7,016,897</u>	<u>8,504,435</u>	<u>35,099,753</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 12,401,687</u>	<u>\$ 12,479,912</u>	<u>\$ 8,858,067</u>	<u>\$ 10,300,160</u>	<u>\$ 44,039,826</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$	35,099,753
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:

Land	7,434,539	
Construction in progress	18,803,530	
Buildings and improvements	21,345,585	
Equipment	7,296,516	
Infrastructure	259,782,299	
Accumulated depreciation	<u>(127,610,631)</u>	
Total capital assets		187,051,838

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		3,698,203
---	--	-----------

Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is generally not accrued as a liability in the balance sheet of governmental funds.		(45,510)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consists of:

Bonds payable	(2,786,337)	
Loans payable	(838,731)	
Capital leases	(2,179,997)	
Compensated absences	(1,260,380)	
Net other postemployment benefit obligation	<u>(1,698,780)</u>	
Total long-term liabilities		(8,764,225)

Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>1,568,653</u>
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Net position of governmental activities	\$	<u><u>218,608,712</u></u>
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CITY OF MADERA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

		Special Revenue			
		General	Development		Total
			Impact	Special	Nonmajor
			Fee Fund	Gas Tax	Funds
					Total
					Governmental
					Funds
REVENUES:					
Property taxes	\$ 2,581,565	\$ -	\$ -	\$ -	\$ 2,581,565
Sales and use taxes	4,505,707	-	-	-	4,505,707
Other taxes	1,040,068	3,900	-	-	1,872,250
Use of money and property	1,238,493	10,103	13,380	-	1,366,160
Franchises	584,160	-	-	-	584,160
Licenses and permits	313,382	-	-	-	313,382
Fines	999,315	-	-	-	1,028,320
Aid from other governmental agencies:					
Federal	-	-	613,183	3,775,283	4,388,466
State	6,762,653	-	1,396,942	591,932	8,751,527
Other	61,259	-	4,679,304	375,000	5,115,563
Charges for current services	4,304,174	1,018,694	-	166,817	5,489,685
Miscellaneous	429,120	-	910	182,774	612,804
Total revenues	<u>22,819,896</u>	<u>1,032,697</u>	<u>6,703,719</u>	<u>6,053,277</u>	<u>36,609,589</u>
EXPENDITURES:					
Current:					
General government	4,594,086	211	250,049	-	4,844,346
Public protection	12,619,209	-	-	210,307	12,829,516
Social services	-	-	-	473,128	473,128
Public ways and facilities	1,955,002	65,384	-	652,703	2,673,089
Community development	3,885,923	-	-	1,158,153	5,044,076
Culture and recreation	2,724,788	-	-	-	2,724,788
Capital outlay	144,885	169,615	5,456,355	1,160,282	6,931,137
Debt service:					
Principal	143,159	-	-	296,265	439,424
Interest	69,614	-	-	221,771	291,385
Total expenditures	<u>26,136,666</u>	<u>235,210</u>	<u>5,706,404</u>	<u>4,172,609</u>	<u>36,250,889</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,316,770)</u>	<u>797,487</u>	<u>997,315</u>	<u>1,880,668</u>	<u>358,700</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	4,352,160	-	-	692,764	5,044,924
Transfers out	<u>(1,387,730)</u>	<u>(384,257)</u>	<u>(1,400,423)</u>	<u>(615,568)</u>	<u>(3,787,978)</u>
Total other financing sources (uses)	<u>2,964,430</u>	<u>(384,257)</u>	<u>(1,400,423)</u>	<u>77,196</u>	<u>1,256,946</u>
Net change in fund balances	<u>(352,340)</u>	<u>413,230</u>	<u>(403,108)</u>	<u>1,957,864</u>	<u>1,615,646</u>
Fund balances - beginning	10,475,246	8,976,449	7,321,140	14,528,093	41,300,928
Prior period adjustments	<u>65,836</u>	<u>-</u>	<u>98,865</u>	<u>(7,981,522)</u>	<u>(7,816,821)</u>
Fund balances - beginning (restated)	<u>10,541,082</u>	<u>8,976,449</u>	<u>7,420,005</u>	<u>6,546,571</u>	<u>33,484,107</u>
Fund balances - ending	<u>\$ 10,188,742</u>	<u>\$ 9,389,679</u>	<u>\$ 7,016,897</u>	<u>\$ 8,504,435</u>	<u>\$ 35,099,753</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	1,615,646
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	6,093,565	
Depreciation expense	<u>(8,249,520)</u>	
Excess of depreciation expense over capital outlay		(2,155,955)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,607,089
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.		466,210
--	--	---------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		438,882
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Some items reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net decrease in accrued interest	333	
Decrease in compensated absences	24,429	
Decrease in net other postemployment benefit obligation	<u>(121,916)</u>	
Total additional expenditures		(97,154)

The internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>(181,449)</u>
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Change in net position of governmental activities	\$	<u>3,693,269</u>
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**CITY OF MADERA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
ASSETS				
Current assets:				
Cash and investments	\$ 7,209,600	\$ 9,034,178	\$ 3,005,600	\$ 248,979
Accounts receivable, net	430,026	260,030	294,148	23,772
Interest receivable	100	-	-	-
Total current assets	<u>7,639,726</u>	<u>9,294,208</u>	<u>3,299,748</u>	<u>272,751</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	4,031,533	963,902	-	-
Capital assets, not depreciated	254,394	1,803,047	-	3,645,601
Capital assets, net of accumulated depreciation	<u>24,851,635</u>	<u>51,817,039</u>	<u>36,426</u>	<u>16,467,304</u>
Total noncurrent assets	<u>29,137,562</u>	<u>54,583,988</u>	<u>36,426</u>	<u>20,112,905</u>
Total assets	<u>36,777,288</u>	<u>63,878,196</u>	<u>3,336,174</u>	<u>20,385,656</u>
LIABILITIES				
Current liabilities:				
Accounts payable	225,659	225,009	290,813	6,617
Salaries payable	1,874	1,874	1,873	1,873
Accrued interest payable	200,577	567,091	-	-
Due to other funds	-	-	-	19,000
Advances from other funds	-	-	-	-
Deposits payable	1,378,242	-	-	400
Unearned revenue	-	-	95,145	-
Compensated absences, due within one year	75,605	125,030	9,314	28,911
Long-term debt, due within one year	<u>205,000</u>	<u>1,081,236</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>2,086,957</u>	<u>2,000,240</u>	<u>397,145</u>	<u>56,801</u>
Noncurrent liabilities:				
Long-term debt, due in more than one year	<u>13,095,233</u>	<u>38,296,974</u>	<u>14,376</u>	<u>25,260</u>
Total noncurrent liabilities	<u>13,095,233</u>	<u>38,296,974</u>	<u>14,376</u>	<u>25,260</u>
Total liabilities	<u>15,182,190</u>	<u>40,297,214</u>	<u>411,521</u>	<u>82,061</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	14,929,446	14,364,274	36,426	20,112,905
Unrestricted	<u>6,665,652</u>	<u>9,216,708</u>	<u>2,888,227</u>	<u>190,690</u>
Total net position	<u>\$ 21,595,098</u>	<u>\$ 23,580,982</u>	<u>\$ 2,924,653</u>	<u>\$ 20,303,595</u>

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

Net position of business-type activities

CITY OF MADERA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013
(Continued)

Business-Type Activities		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
\$ 1,310,460	\$ 20,808,817	\$ 867,982
882,329	1,890,305	35,237
-	100	-
<u>2,192,789</u>	<u>22,699,222</u>	<u>903,219</u>
302,756	5,298,191	-
3,705,844	9,408,886	127,983
<u>10,997,114</u>	<u>104,169,518</u>	<u>863,794</u>
<u>15,005,714</u>	<u>118,876,595</u>	<u>991,777</u>
<u>17,198,503</u>	<u>141,575,817</u>	<u>1,894,996</u>
375,803	1,123,901	179,806
6,966	14,460	-
9,403	777,071	-
1,021,208	1,040,208	-
306,003	306,003	-
-	1,378,642	-
38,814	133,959	-
23,370	262,230	77,247
<u>247,850</u>	<u>1,534,086</u>	<u>37,934</u>
<u>2,029,417</u>	<u>6,570,560</u>	<u>294,987</u>
<u>3,152,198</u>	<u>54,584,041</u>	<u>252,630</u>
<u>3,152,198</u>	<u>54,584,041</u>	<u>252,630</u>
<u>5,181,615</u>	<u>61,154,601</u>	<u>547,617</u>
<u>45,000</u>	<u>45,000</u>	<u>-</u>
<u>45,000</u>	<u>45,000</u>	<u>-</u>
11,325,705	60,768,756	-
<u>646,183</u>	<u>19,607,460</u>	<u>1,347,379</u>
<u>\$ 11,971,888</u>	<u>80,376,216</u>	<u>\$ 1,347,379</u>
	<u>(221,278)</u>	
	<u>\$ 80,154,938</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Operating revenues:				
Charges for services	\$ 5,456,783	\$ 5,814,258	\$ 6,487,017	\$ 635,846
Other	-	-	-	-
Total operating revenues	<u>5,456,783</u>	<u>5,814,258</u>	<u>6,487,017</u>	<u>635,846</u>
Operating expenses:				
Salaries and benefits	979,627	1,461,228	288,707	334,701
General and administrative	953,591	1,073,178	5,101,691	84,030
Supplies and miscellaneous	94,587	184,943	5,262	41,333
Parts and supplies	471,244	2,460	102,049	25,062
Utilities	1,217,592	538,446	3,136	38,136
Amortization	4,054	(18,783)	-	-
Depreciation	<u>835,472</u>	<u>2,282,571</u>	<u>4,924</u>	<u>345,587</u>
Total operating expenses	<u>4,556,167</u>	<u>5,524,043</u>	<u>5,505,769</u>	<u>868,849</u>
Operating income (loss)	<u>900,616</u>	<u>290,215</u>	<u>981,248</u>	<u>(233,003)</u>
Nonoperating revenues (expenses):				
Interest income	6,536	7,218	2,103	169
Property taxes	-	-	-	-
Operating grants	-	-	6,325	-
Capital grants	-	-	-	-
Other revenue	-	198	12,153	-
Gain (loss) on disposal of property	-	-	-	-
Interest expense	(603,765)	(1,661,140)	-	-
Other nonoperating expense	-	-	-	-
Total nonoperating revenues (expenses)	<u>(597,229)</u>	<u>(1,653,724)</u>	<u>20,581</u>	<u>169</u>
Income before capital contributions and transfers	<u>303,387</u>	<u>(1,363,509)</u>	<u>1,001,829</u>	<u>(232,834)</u>
Capital contributions	77,251	61,305	-	29,050
Transfers in	-	190,000	123,628	-
Transfers out	<u>(598,081)</u>	<u>(598,081)</u>	<u>(498,675)</u>	<u>(40,687)</u>
Change in net position	<u>(217,443)</u>	<u>(1,710,285)</u>	<u>626,782</u>	<u>(244,471)</u>
Net position - beginning	22,045,502	25,921,553	2,220,421	20,571,513
Prior period adjustments	<u>(232,961)</u>	<u>(630,286)</u>	<u>77,450</u>	<u>(23,447)</u>
Net position - beginning (restated)	<u>21,812,541</u>	<u>25,291,267</u>	<u>2,297,871</u>	<u>20,548,066</u>
Net position - ending	<u>\$ 21,595,098</u>	<u>\$ 23,580,982</u>	<u>\$ 2,924,653</u>	<u>\$ 20,303,595</u>

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.

Changes in net position of business-type activities

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

Business-Type Activities		Governmental
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
\$ 742,507	\$ 19,136,411	\$ 1,750,704
2,186	2,186	-
<u>744,693</u>	<u>19,138,597</u>	<u>1,750,704</u>
348,851	3,413,114	1,137,744
1,261,853	8,474,343	204,624
229,639	555,764	248,792
94,837	695,652	29,034
31,166	1,828,476	344,525
-	(14,729)	-
<u>479,310</u>	<u>3,947,864</u>	<u>283,628</u>
<u>2,445,656</u>	<u>18,900,484</u>	<u>2,248,347</u>
<u>(1,700,963)</u>	<u>238,113</u>	<u>(497,643)</u>
1,944	17,970	-
98,923	98,923	-
1,424,866	1,431,191	-
1,040,914	1,040,914	-
22,351	34,702	31,091
(52,915)	(52,915)	15,726
(26,091)	(2,290,996)	-
<u>(122,197)</u>	<u>(122,197)</u>	<u>-</u>
<u>2,387,795</u>	<u>157,592</u>	<u>46,817</u>
<u>686,832</u>	<u>395,705</u>	<u>(450,826)</u>
-	167,606	-
192,059	505,687	48,100
<u>(75,209)</u>	<u>(1,810,733)</u>	<u>-</u>
<u>803,682</u>	<u>(741,735)</u>	<u>(402,726)</u>
10,622,200		1,730,164
<u>546,006</u>		<u>19,941</u>
<u>11,168,206</u>		<u>1,750,105</u>
<u>\$ 11,971,888</u>		<u>\$ 1,347,379</u>
	<u>(221,278)</u>	
	<u>\$ (963,013)</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 5,110,270	\$ 5,813,024	\$ 6,612,561	\$ 641,425
Receipts of customer deposits	20,422	-	-	400
Receipts from other funds	1,381,386	-	-	-
Payments to suppliers	(2,677,333)	(1,817,403)	(5,121,078)	(159,609)
Payments to employees	(992,712)	(1,428,823)	(288,625)	(341,972)
Payments to other funds	-	-	-	-
Net cash provided (used) by operating activities	<u>2,842,033</u>	<u>2,566,798</u>	<u>1,202,858</u>	<u>140,244</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	(598,081)	(408,081)	(375,047)	(40,687)
Other nonoperating revenues	-	198	12,153	-
Property taxes	-	-	-	-
Operating grants	-	-	17,789	-
Net cash provided (used) by noncapital financing activities	<u>(598,081)</u>	<u>(407,883)</u>	<u>(345,105)</u>	<u>(40,687)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(560)	-	(27,186)	-
Proceeds from the sale of assets	-	-	-	-
Capital grants	-	-	-	-
Proceeds from notes	-	-	-	-
Principal paid on capital leases	-	(25,277)	-	-
Principal paid on notes	-	(261,877)	-	-
Principal paid on bonds	(120,000)	(755,000)	-	-
Interest paid	(604,907)	(1,674,009)	-	-
Net cash provided (used) by capital and related financing activities	<u>(725,467)</u>	<u>(2,716,163)</u>	<u>(27,186)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	<u>6,672</u>	<u>7,232</u>	<u>2,103</u>	<u>169</u>
Net cash provided (used) by investing activities	<u>6,672</u>	<u>7,232</u>	<u>2,103</u>	<u>169</u>
Net increase (decrease) in cash and cash equivalents	<u>1,525,157</u>	<u>(550,016)</u>	<u>832,670</u>	<u>99,726</u>
Cash and cash equivalents - July 1, 2012	9,819,144	10,444,928	2,172,930	149,253
Prior period adjustments	<u>(103,168)</u>	<u>103,168</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - July 1, 2012 (restated)	<u>9,715,976</u>	<u>10,548,096</u>	<u>2,172,930</u>	<u>149,253</u>
Cash and cash equivalents - June 30, 2013	<u>\$ 11,241,133</u>	<u>\$ 9,998,080</u>	<u>\$ 3,005,600</u>	<u>\$ 248,979</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

Business-Type Activities		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
\$ 1,595,931	\$ 19,773,211	\$ 1,716,795
-	20,822	-
-	1,381,386	-
(1,406,588)	(11,182,011)	(671,169)
(341,346)	(3,393,478)	(1,112,016)
<u>(414,065)</u>	<u>(414,065)</u>	<u>-</u>
<u>(566,068)</u>	<u>6,185,865</u>	<u>(66,390)</u>
116,850	(1,305,046)	48,100
22,351	34,702	120,991
98,923	98,923	-
<u>1,424,866</u>	<u>1,442,655</u>	<u>-</u>
<u>1,662,990</u>	<u>271,234</u>	<u>169,091</u>
(1,181,079)	(1,208,825)	(376,745)
3,700	3,700	30,129
1,040,914	1,040,914	-
-	-	249,731
-	(25,277)	-
(17,034)	(278,911)	(34,536)
(220,000)	(1,095,000)	-
<u>(138,884)</u>	<u>(2,417,800)</u>	<u>1</u>
<u>(512,383)</u>	<u>(3,981,199)</u>	<u>(131,420)</u>
<u>1,944</u>	<u>18,120</u>	<u>-</u>
<u>1,944</u>	<u>18,120</u>	<u>-</u>
<u>586,483</u>	<u>2,494,020</u>	<u>(28,719)</u>
1,026,733	23,612,988	516,393
-	-	380,308
<u>1,026,733</u>	<u>23,612,988</u>	<u>896,701</u>
<u>\$ 1,613,216</u>	<u>\$ 26,107,008</u>	<u>\$ 867,982</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Reconciliation of operating income (loss) to cash provided (used) by operating activities				
Operating income (loss)	\$ 900,616	\$ 290,215	\$ 981,248	\$ (233,003)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	835,472	2,282,571	4,924	345,587
Amortization	4,054	(18,783)	-	-
(Gain) loss on disposal of capital	6,265	-	-	25,063
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(247,399)	10,498	125,544	5,679
(Increase) decrease in due from other funds	1,381,386	-	-	-
Increase (decrease) in accounts payable	53,416	(18,376)	91,060	3,889
Increase (decrease) in salaries payable	1,874	1,874	1,873	1,873
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in deposits payable	20,422	-	-	400
Increase (decrease) in unearned revenue	(99,114)	(11,732)	-	(100)
Increase (decrease) in deferred inflow of resources	-	-	-	-
Increase (decrease) in compensated absences	(21,753)	21,746	(2,823)	(10,957)
Increase (decrease) in other postemployment benefit obligations	6,794	8,785	1,032	1,813
Net cash provided (used) by operating activities	<u>\$ 2,842,033</u>	<u>\$ 2,566,798</u>	<u>\$ 1,202,858</u>	<u>\$ 140,244</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments - unrestricted	\$ 7,209,600	\$ 9,034,178	\$ 3,005,600	\$ 248,979
Cash and investments - restricted	<u>4,031,533</u>	<u>963,902</u>	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 11,241,133</u>	<u>\$ 9,998,080</u>	<u>\$ 3,005,600</u>	<u>\$ 248,979</u>
Noncash investing, capital, and financing activities:				
Developer and other capital contributions	\$ 77,251	\$ 61,306	\$ -	\$ 29,050

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Fund
\$ (1,700,963)	\$ 238,113	\$ (497,643)
479,310	3,947,864	283,628
-	(14,729)	-
27,107	58,435	-
774,462	668,784	(33,909)
-	1,381,386	-
183,800	313,789	155,806
6,966	14,460	(4,565)
(414,065)	(414,065)	-
-	20,822	-
31,776	(79,170)	-
45,000	45,000	-
(1,097)	(14,884)	24,884
<u>1,636</u>	<u>20,060</u>	<u>5,409</u>
<u>\$ (566,068)</u>	<u>\$ 6,185,865</u>	<u>\$ (66,390)</u>
\$ 1,310,460	\$ 20,808,817	\$ 867,982
<u>302,756</u>	<u>5,298,191</u>	<u>-</u>
<u>\$ 1,613,216</u>	<u>\$ 26,107,008</u>	<u>\$ 867,982</u>
\$ -	\$ 167,607	\$ -

The accompanying notes are an integral part of these financial statements.

**CITY OF MADERA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Successor Agency Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 10,958,483	\$ 1,717,443
Receivables:		
Accounts, net	39,269	-
Interest	5,475	-
Prepaid items	2,477	117,922
Land held for resale	821,389	-
Restricted assets:		
Cash and investments with fiscal agents	4,349,246	-
Capital assets, not depreciated	389,566	-
Capital assets, net of accumulated depreciation	2,754,699	-
	<u>\$ 19,320,604</u>	<u>\$ 1,835,365</u>
LIABILITIES		
Accounts payable	\$ 1,438,483	\$ 31,832
Accrued liabilities	-	813,795
Accrued Interest	833,997	-
Deposit payable	-	20,364
Other liabilities	973	-
Due to other governments	-	969,374
Long-term debt, due within one year	1,080,000	-
Long-term debt, due in more than one year	48,408,270	-
	<u>51,761,723</u>	<u>\$ 1,835,365</u>
NET POSITION		
Net position held in trust for redevelopment dissolution and other purposes	<u>\$ (32,441,119)</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF MADERA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Successor Agency Private Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 4,877,524
Rental income	9,500
Interest income	41,902
Other payment received	<u>278,544</u>
Total additions	<u>5,207,470</u>
DEDUCTIONS:	
General and administrative	773,905
Project expenses	1,503,033
Amortization	31,518
Depreciation	168,913
Interest on debts	<u>2,508,826</u>
Total deductions	<u>4,986,195</u>
Change in net position	<u>221,275</u>
Net position - beginning	-
Prior period adjustments	<u>(32,662,394)</u>
Net position - beginning (restated)	<u>(32,662,394)</u>
Net position - ending	<u><u>\$ (32,441,119)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Madera, California (the “City”) was incorporated in 1907 under the general laws of the State of California. The City operates under an elected Council/City Manager form of government.

The City has defined its reporting entity in accordance with generally accepted accounting principles (“GAAP”) in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criterions for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. Based upon the application of these criteria, the following is a brief description of each component unit included within the City’s reporting entity. All such component units have been “blended” as though they are part of the primary government because the component unit’s governing body is substantially the same as the City’s primary government and there is a financial benefit or burden relationship between the City and the component unit, management of the City has operational responsibilities for the component unit, and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

Blended component unit. The Madera Public Financing Authority (Financing Authority) was created in 1989. The Financing Authority is a joint exercise of joint powers. The City Council serves as directors of the Financing Authority. The purpose of the Financing Authority is to act as a financing/lending type of entity only. No separate annual financial statements are prepared for the Financing Authority.

Since the City Council previously served as the government board for this component unit, the City’s component unit was considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City’s operations and so data from this unit was reported with the data of the primary government.

Discretely presented component unit. The Housing Authority of the City of Madera (Housing Authority) is a governmental entity authorized in accordance with state law to engage in the development, acquisition, leasing, and administration of low-rent housing programs. The Housing Authority is governed by a Board of Commissioners, which is comprised of members of the City Council. Management of the Housing Authority is appointed and held accountable to the Governing Board. The annual financial statements for the Housing Authority can be obtained at the Housing Authority’s administrative office.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental audits. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein the operations of each fund are accounted for in a separate set of self-balancing accounts that records resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Government-wide Financial Statements

The government-wide financial statements (i.e., the state of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statement for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* accounts for all the general revenues of the City not specifically levied or collected for by other City Funds and for expenditures related to the rendering of general services by the City.

The *General Development Impact Fee Fund* accounts for and reports the proceeds of the AB1600 development impact fee monies that are restricted or committed to expenditures for the intended purposes.

The *Special Gas Tax Fund* accounts for and reports the proceeds of the City's share of state gasoline taxes, which are restricted or committed to expenditures for the street construction and street maintenance projects.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

The *Water Fund* accounts for revenues and expenses of the operations of the City's water utility. All activities necessary to provide this service are accounted for in this fund, including administration, operations, maintenance, billing and collection and depreciation.

The *Sewer Fund* accounts for the revenues and expenses for the maintenance, repair and depreciation of the sewers within the City.

The *Solid Waste Fund* accounts for revenues and expenses of the solid waste removal and street cleaning activities.

The *Drainage Operations Fund* accounts for the activities related to drainage.

Additionally, the City reports the following fund types:

Internal Service Funds account for the financing of goods and services provided by one department of the City to other departments on a cost-reimbursement basis. The City has Internal Service Funds for Fleet Management and Replacement, Facility Maintenance, and Computer Replacement.

The *Successor Agency Private Purpose Trust Fund* accounts for the assets and liabilities of the former Redevelopment Agency and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

The *Agency Fund* is used to account for assets held by the City as an agent for individuals or private organizations and other governmental units. These include developer deposits, collections from the State of California, Federal, and Madera police department for asset forfeited, utility deposits, collections of payroll and related taxes and various restricted donations. Agency funds are custodial in nature (assets equals liabilities) and do not involve the measurement or results of operations. The City's Agency Fund accounts for assets held for other governments and various deposits held for individuals or private organizations.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirement, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenues items are considered to be measurable and available only when cash is received by the City.

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following private sector standards issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. Governments have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private sector guidance.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Cash and Investments

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with the state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 and promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximately fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value. Accordingly, the City reports its investments at fair value in the balance sheet. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year.

F. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditure/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

G. Land Held for Resale

Land held for resale is recorded as an asset at the lower of historical cost or estimated net realizable value.

H. Capital Assets

Capital assets, which include public domain (infrastructure) capital assets consisting of certain improvements, including streets (pavements, medians, curbs/gutters, sidewalks, traffic signals, monument signs and bridges), storm drains and water/sewer systems and improvements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Generally, capital asset acquisitions in excess of \$5,000 (general capital assets) and \$25,000 (infrastructure) are capitalized if they have an expected useful life of one year or more. Acquisitions of capital assets (including infrastructure) are recorded at historical cost at the time of purchase. Donated capital assets are recorded at their fair value at the date of donation.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-30 years
Improvements	5-50 years
Equipment	4-15 years
Infrastructure	10-50 years

I. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

J. Unearned Revenue

Unearned revenue is that for which recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

K. Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants when funding requirements have been met, but the related funding is not yet available.

L. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified in the following categories:

- ***Net investment in capital assets*** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- ***Restricted net position*** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position*** – This category represents net amounts that do not meet the criteria for "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted first, and then unrestricted resources as they are needed.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Finance Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

This policy delegates to the Finance Director the authority to assign unassigned fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Property Taxes

Property taxes are assessed, collected and allocated by County of Madera throughout the fiscal year according to the following property tax calendar:

	<u>Secured</u>	<u>Unsecured</u>
Levy Dates	July 1	July 1
Lien Dates	January 1	January 1
Due Dates	November 1 and February 1	August 1
Delinquent After	December 10 and April 10	August 31

O. Use of Estimates

A number of estimates and assumptions relating to the reporting of revenues, expenditures/expenses, assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

P. Pronouncements

a. New Accounting Pronouncement Adopted

Governmental Accounting Standards Board Statement No. 60

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements ("SCAs"), which are a type of public-private or public-public partnership. This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. As of July 1, 2012, the City implemented GASB Statement No. 60 and restated the beginning net position of the City's business-type activities and Golf Course enterprise fund to reverse depreciation expense related to the golf course assets due to the SCA requires the operator to return the facility to the transferor in its original or an enhanced condition. The amount restated as a result of implementation of this Statement was \$601,824. Refer to Note 14, Prior Period Adjustments and Restatements, for the details. In addition, the City reported a receivable and a deferred inflow of resources in the amount of \$45,000 for the installment payments over the course of the arrangement.

Governmental Accounting Standards Board Statement No. 61

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of this statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. As of July 1, 2012, the City implemented this Statement. The impact of this Statement resulted in the Housing Authority of the City of Madera being reported as a discretely presented component unit. It was reported as a blended component unit of the City in prior years.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pronouncements (Continued)

a. New Accounting Pronouncement Adopted (Continued)

Governmental Accounting Standards Board Statement No. 62

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures which does not conflict with or contradict other GASB pronouncements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. As of July 1, 2012, the City adopted this standard, which did not have a significant impact on its financial statements.

Governmental Accounting Standards Board Statement No. 63

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the resulting measure as net position rather than net assets. The provisions of this Statement are effective for financial statements with periods beginning after December 31, 2011. As of July 1, 2012, the City adopted this standard, which did not have a significant impact on its financial statements. The City renamed net assets as net position in the current year financial statements.

Governmental Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014. As of July 1, 2012, the City adopted this standard and restated the beginning net position of the City's governmental activities, business-type activities, enterprise funds to write off unamortized bond issuance costs. Refer to Note 14, Prior Period Adjustments and Restatements for the details.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pronouncements (Continued)

b. New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014.

Governmental Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2013 are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 31,021,398	\$ 20,808,817	\$ 12,675,926	\$ 64,506,141
Restricted cash and investments with fiscal agents	<u>264,360</u>	<u>5,298,191</u>	<u>4,349,246</u>	<u>9,911,797</u>
Total	<u>\$ 31,285,758</u>	<u>\$ 26,107,008</u>	<u>\$ 17,025,172</u>	<u>\$ 74,417,938</u>

Cash and investments consist of the following as of June 30, 2013:

Cash and investments:	
Petty cash	\$ 6,995
Deposits with financial institutions	2,828,662
Investments	<u>71,582,281</u>
Total cash and investments	<u>\$ 74,417,938</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provision of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amounts	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Pooled Investments in the City:					
Local Agency Investment Fund	\$ 6,872,189	\$ 6,872,189	\$ -	\$ -	\$ -
Money Market Funds	4,183,483	4,183,483	-	-	-
Certificates of Deposit	4,891,425	950,000	1,245,899	2,695,526	-
U.S. Treasury Notes	5,917,580	-	-	5,917,580	-
U.S. Government Securities:					
Federal Home Loan Banks	3,257,210	-	-	3,257,210	-
Federal National Mortgage Association	990,220	-	-	990,220	-
State Municipal Bonds	5,672,049	1,001,420	1,162,568	3,508,061	-
U.S. Corporate Bonds	18,574,921	1,605,056	3,715,446	13,254,419	-
Investments held by bond trustee:					
Money Market Funds	5,116,446	5,116,446	-	-	-
Certificates of Deposit	184,000	184,000	-	-	-
Federal National Mortgage Association	262,768	262,768	-	-	-
Total pooled investments in the City	55,922,291	20,175,362	6,123,913	29,623,016	-
Investments in Successor Agency Private Purpose Trust Fund:					
Local Agency Investment Fund	11,301,926	11,301,926	-	-	-
Investments held by bond trustee:					
Money Market Funds	1,827,246	1,827,246	-	-	-
Certificates of Deposit	2,530,818	292,000	728,285	1,510,533	-
Total Investments in Successor Agency Private Purpose Trust Fund	15,659,990	13,421,172	728,285	1,510,533	-
Total Investments	\$ 71,582,281	\$ 33,596,534	\$ 6,852,198	\$ 31,133,549	\$ -

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amounts	Exempt From Disclosure	Rating as of Year End									
			Aaa	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	P-1	Not Rated
Pooled Investments in the City:												
Local Agency Investment Fund	\$ 6,872,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,872,189
Money Market Funds	4,183,483	-	-	-	-	-	-	-	-	-	-	4,183,483
Certificates of Deposit	4,891,425	-	-	-	-	-	-	-	-	-	-	4,891,425
U.S. Treasury Notes	5,917,580	5,917,580	-	-	-	-	-	-	-	-	-	-
Federal Home Loan Banks	3,257,210	-	986,990	2,270,220	-	-	-	-	-	-	-	-
Federal National Mortgage Association	990,220	-	990,220	-	-	-	-	-	-	-	-	-
State Municipal Bonds	5,672,049	-	-	-	-	996,076	1,162,568	1,001,420	2,511,985	-	-	-
U.S. Corporate Bonds	18,574,921	-	-	112,525	115,274	6,191,737	444,978	4,969,890	2,968,020	3,772,497	-	-
Investments held by bond trustee:												
Money Market Funds	5,116,446	-	4,642,631	-	-	-	-	-	-	-	-	473,815
Certificates of Deposit	184,000	-	-	-	-	-	-	-	-	-	-	184,000
Federal National Mortgage Association	262,768	-	262,768	-	-	-	-	-	-	-	-	-
Total pooled investments in the City	55,922,291	5,917,580	6,882,609	2,382,745	115,274	7,187,813	1,607,546	5,971,310	5,480,005	3,772,497	-	16,604,912
Investments in Successor Agency Private Purpose Trust Fund:												
Local Agency Investment Fund	11,301,926	-	-	-	-	-	-	-	-	-	-	11,301,926
Investments held by bond trustee:												
Money Market Funds	1,827,246	-	1,827,246	-	-	-	-	-	-	-	-	-
Certificates of Deposit	2,530,818	-	-	-	-	-	-	-	-	-	2,530,818	-
Total Investments in Successor Agency Private Purpose Trust Fund	15,659,990	-	1,827,246	-	-	-	-	-	-	-	2,530,818	11,301,926
Total Investments	\$ 71,582,281	\$ 5,917,580	\$ 8,709,855	\$ 2,382,745	\$ 115,274	\$ 7,187,813	\$ 1,607,546	\$ 5,971,310	\$ 5,480,005	\$ 3,772,497	\$ 2,530,818	\$ 27,906,838

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments across the City's funds are as follows:

Issuer	Investment Type	Reported Amount
JP Morgan Chase Bank NA	U.S. Corporate Bonds	\$ 3,969,560

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The City had no uncollateralized cash at June 30, 2013. As of June 30, 2013, \$2,828,662 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in accounts collateralized in accordance with State law as described above. As of June 30, 2013, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with an independent third party custodial bank.

Local Agency Investment Fund

The City of Madera is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

At June 30, 2013, the City's investments in LAIF were \$6,872,189 and the Successor Agency's investments in LAIF were \$11,301,926. The weighted average maturity of LAIF was 278 days at June 30, 2013. The total amount recorded by all public agencies in LAIF at June 30, 2013 was approximately \$21.2 billion. LAIF is part of the State's Pooled Money Investment Account (PMIA). PMIA has a total of approximately \$58.8 billion and of that amount, 98.04% was invested in non-derivative financial products and 1.96% in structured notes and asset-backed securities.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – RECEIVABLES

Accounts Receivable

At June 30, 2013, accounts receivable of the City's major individual funds and nonmajor funds including the applicable allowance for uncollectible accounts are as follows:

	General	General Development Impact Fee Fund	Special Gas Tax Fund	Total Nonmajor Funds	Total Governmental Funds		
Governmental Activities:							
Accounts receivable	\$ 3,898,942	\$ 6,222	\$ 2,069,256	\$ 994,327	\$ 6,968,747		
Less: allowance for uncollectibles	(630,823)	-	-	(210)	(631,033)		
Total accounts receivable, net	<u>\$ 3,268,119</u>	<u>\$ 6,222</u>	<u>\$ 2,069,256</u>	<u>\$ 994,117</u>	<u>\$ 6,337,714</u>		
Business-type Activities:							
Accounts receivable	\$ 477,837	\$ 305,824	\$ 408,420	\$ 35,386	\$ 882,329	\$ 2,109,796	\$ 35,237
Less: allowance for uncollectibles	(47,811)	(45,794)	(114,272)	(11,614)	-	(219,491)	-
Total accounts receivable, net	<u>\$ 430,026</u>	<u>\$ 260,030</u>	<u>\$ 294,148</u>	<u>\$ 23,772</u>	<u>\$ 882,329</u>	<u>\$ 1,890,305</u>	<u>\$ 35,237</u>

The amount of the allowance for each fund is a management determination made by reviewing past collections received on each account. This analysis includes reviewing the aging of the receivable balance, past account write-offs and other known variables. The allowance is evaluated at the end of the year for adequacy.

Notes Receivable

Residential Rehab Special Revenue Fund:

The City was awarded a \$3 million dollar federal grant from the HOME Investment Program (HOME) administered through the State of California. The proceeds of this grant were used to provide a \$3 million loan to Madera Pacific Associates (MPS) for multi-family rental housing projects serving low and very low income individuals through subordinate loans with terms up to 55 years. MPS is required to repay the loan through the net cash flow payments it receives from project operations. The loan balance at June 30, 2013 is \$2,700,000, which is recorded as a note receivable in the Residential Rehab special revenue fund with a corresponding amount recorded as unearned revenue. As payments are received from MPS, the City records program income and simultaneously reduces the note receivable and the unearned revenue for the same amount.

Low and Moderate Income Housing Asset Special Revenue Fund:

The Low and Moderate Income Housing Asset special revenue fund reports \$1,003,979 notes receivable. These were loans funded from the former Redevelopment Agency to developers for construction of affordable housing or rehabilitation within the boundaries of the Redevelopment Project Area. These low interest bearing loans are secured by deeds of trust. Maturities vary according to terms and disposition of property.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – RECEIVABLES (Continued)

Notes Receivable (Continued)

Forgivable Loans:

The City administers the first time homebuyer, housing rehabilitation, and small business loan programs funded with various grants (i.e. CDBG, HOME, CalHome, NSP, etc.). Under these programs, individuals with incomes below certain levels are eligible to receive low interest loans. These loans are secured by deeds of trust on the properties. Deferred payment loans receivable under the these forgivable loans are not required to be paid back unless the participating homeowner sells, transfers title to the property, or discontinues residence in the dwelling at which time the full amount of the deferred loan is due. These deferred payment loans are “nonperforming loans” and are not recorded as loans receivable in the financial statements. Loans and related items as of June 30, 2013 are summarized as follows:

<u>Loan Type</u>	<u>Oustanding Loan Balance</u>	<u>Due</u>
First time homebuyer	\$ 5,090,122	30 years
Housing rehabilitation	725,582	30 years
Samll business	475,165	10 years
Total	<u>\$ 6,290,869</u>	

NOTE 4 – INTERFUND ACTIVITY

Current Interfund Receivables/Payables

Current interfund balances arise in the normal course of business are expected to be repaid shortly after the end of the fiscal year. Due to other funds represents short-term borrowing resulting from a fund's temporary need for additional cash. Primarily, these amounts have been recorded when funds overdraw their share of pooled cash. The following is a summary of current interfund balances as of June 30, 2013:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds:		
General fund	\$ 1,606,092	\$ 12,018
Drainage operations enterprise fund	-	19,000
Nonmajor funds:		
Street construction special revenue fund	11,996	157,879
Rehab residential special revenue fund	-	284,051
Senior citizens services special revenue fund	-	37,574
Supplemental law enforcement special revenue fund	-	75,393
Low and moderate income housing assets special revenue fund	22	10,987
Local transit enterprise fund	-	482,912
Golf course enterprise fund	-	538,296
Total	<u>\$ 1,618,110</u>	<u>\$ 1,618,110</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – INTERFUND ACTIVITY (Continued)

Long-term Interfund Receivables/Payables

As of June 30, 2013, balances for interfund loans were as follows:

	Advances To Other Funds	Advances From Other Funds
Major funds:		
General fund	\$ 306,003	\$ -
Nonmajor funds:		
Golf course enterprise fund	-	306,003
Total	<u>\$ 306,003</u>	<u>\$ 306,003</u>

The advance for \$306,003 from the General Fund to the Golf Course Enterprise Fund was made for funding facility construction.

Transfers Between Funds

With City council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund.

	Transfers	
	In	Out
Major funds:		
General fund	\$ 4,352,160	\$ 1,387,730
General impact fee special revenue fund	-	384,257
Special gas tax special revenue fund	-	1,400,423
Water enterprise fund	-	598,081
Sewer enterprise fund	190,000	598,081
Solid waste enterprise fund	123,628	498,675
Drainage operations enterprise fund	-	40,687
Nonmajor funds:		
Park development special revenue fund	27,609	-
State local transportation partnership special revenue fund	17,503	-
Street construction special revenue fund	-	289,500
Rehab residential special revenue fund	-	79,348
Senior citizens services special revenue fund	133,513	-
Senior citizens nutrition special revenue fund	154,637	-
Landscape assessment special revenue fund	1,635	-
Community facilities district special revenue fund	163,610	246,720
Park facilities special revenue fund	194,257	-
Local transit enterprise fund	-	75,209
Golf course enterprise fund	192,059	-
Internal service fund	48,100	-
Total	<u>\$ 5,598,711</u>	<u>\$ 5,598,711</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended June 30, 2013 is as follows:

	(Restated) Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 7,434,539	\$ -	\$ -	\$ 7,434,539
Construction in progress	18,168,780	6,152,421	5,389,688	18,931,513
Total capital assets not being depreciated	25,603,319	6,152,421	5,389,688	26,366,052
Capital assets being depreciated:				
Buildings and improvements	21,314,280	31,305	-	21,345,585
Equipment	9,171,232	344,067	171,672	9,343,627
Infrastructure	254,002,600	5,804,122	24,424	259,782,298
Total capital assets being depreciated	284,488,112	6,179,494	196,096	290,471,510
Less accumulated depreciation for:				
Buildings and improvements	4,486,908	425,838	-	4,912,746
Equipment	6,285,850	618,784	157,269	6,747,365
Infrastructure	109,662,897	7,488,526	17,586	117,133,837
Total accumulated depreciation	120,435,655	8,533,148	174,855	128,793,948
Governmental activities capital assets, net	<u>\$ 189,655,776</u>	<u>\$ 3,798,767</u>	<u>\$ 5,410,929</u>	<u>\$ 188,043,614</u>

Capital assets activity of the business-type activities for the year ended June 30, 2013 is as follows:

	(Restated) Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 9,026,516	\$ -	\$ -	\$ 9,026,516
Construction in progress	1,208,418	1,181,638	2,007,687	382,369
Total capital assets not being depreciated	10,234,934	1,181,638	2,007,687	9,408,885
Capital assets being depreciated:				
Buildings and improvements	56,905,295	-	-	56,905,295
Equipment	3,928,401	1,413,499	157,122	5,184,778
Infrastructure	92,779,614	757,652	-	93,537,266
Total capital assets being depreciated	153,613,310	2,171,151	157,122	155,627,339
Less accumulated depreciation for:				
Buildings and improvements	20,132,331	1,750,405	-	21,882,736
Equipment	2,728,714	325,014	73,398	2,980,330
Infrastructure	24,722,311	1,872,445	-	26,594,756
Total accumulated depreciation	47,583,356	3,947,864	73,398	51,457,822
Business-type activities capital assets, net	<u>\$ 116,264,888</u>	<u>\$ (595,075)</u>	<u>\$ 2,091,411</u>	<u>\$ 113,578,402</u>

Capital assets in the amount of \$3,289,089 previously recorded in the City's records were returned to the Successor Agency during the year ended June 30, 2013.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions/programs of the governmental activities and business-type activities of the primary government as follows:

Governmental activities:

General government	\$ 6,895,208
Public protection	168,641
Social services	209,580
Public ways and facilities	6,591
Community development	14,085
Culture and recreation	955,415
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>283,628</u>

Total depreciation expense - governmental activities	<u>\$ 8,533,148</u>
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Business-type activities:

Water	\$ 835,472
Sewer	2,282,571
Solid waste	4,924
Drainage operations	345,587
Local transit	224,731
Golf course	2,435
Airport	<u>252,144</u>

Total depreciation expense - business-type activities	<u>\$ 3,947,864</u>
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NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of June 30, 2013.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items to report as a deferred outflow of resources.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category and they are *unavailable revenue* and *deferred service concession agreement receipts*.

- Unavailable revenue arises only under modified accrual basis of accounting and is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	Nonmajor Governmental Funds							Total
	General Fund	Special Gas Tax Fund	Federal Aid Urban	Street Construction	Landscape Assessment	Supplemental Law Enforcement	Community Facilities District	
Property taxes	\$ 67,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,565
Other taxes	286,844	-	-	-	-	-	-	286,844
Intergovernmental	1,085,503	1,535,927	229,129	176,586	-	92,516	-	3,119,661
Charges for services	206,161	-	-	-	-	-	-	206,161
Special assessments	-	-	-	-	5,725	-	12,247	17,972
Total	<u>\$ 1,646,073</u>	<u>\$ 1,535,927</u>	<u>\$ 229,129</u>	<u>\$ 176,586</u>	<u>\$ 5,725</u>	<u>\$ 92,516</u>	<u>\$ 12,247</u>	<u>\$ 3,698,203</u>

- On October 7, 2009, the City entered into an operation and management lease agreement (agreement) with the Sierra Golf Management, Inc. (SGM), under which SGM will operate and collect user fees from the Madera Municipal Golf Course for the 5 years with an additional five years extension of the agreement. SGM will pay the City installment payment over the course of the arrangement; the present value of these installment payments is \$45,000. SGM will also pay a "per round" rate that establishes an initial rate of \$1.00 per round but increases in later years. SGM is required to operate and maintain the golf course in accordance with the agreement. The City reports the golf course and related equipment as capital assets with a carrying amount of \$2,028,861 at year-end, and reported a receivable and deferred inflow of resources in the amount of \$45,000 at year-end pursuant to the service concession arrangement.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES

Changes in the City's long-term liabilities for the year ended June 30, 2013 are as follows:

	(Restated) Balance July 1, 2012	Additions	Deletions	June 30, 2013	Due Within One Year
Governmental Activities					
Capital Leases:					
Fire Truck and Street Sweeper	\$ 76,368	\$ -	\$ (76,368)	\$ -	\$ -
Police Facility	1,260,745	-	(66,791)	1,193,954	70,254
Madera Youth Center	1,123,990	-	(137,947)	986,043	144,958
Total Capital Leases	2,461,103	-	(281,106)	2,179,997	215,212
Loans Payable:					
California Housing Finance Agency Loan	972,048	-	(133,317)	838,731	-
PG&E Energy Efficiency Retrofit Loan	-	249,731	(34,536)	215,195	37,934
Total Loans Payable	972,048	249,731	(167,853)	1,053,926	37,934
Bonds Payable:					
CFD 2006-1 Series Special Tax Bond	2,825,000	-	(25,000)	2,800,000	30,000
Less: unamortized bond discounts	(14,257)	-	594	(13,663)	-
Total Bonds Payable	2,810,743	-	(24,406)	2,786,337	30,000
Compensated absences	1,366,793	1,166,584	(1,195,750)	1,337,627	894,176
Net other postemployment benefit obligation	1,646,823	127,326	-	1,774,149	-
Total	<u>\$ 9,257,510</u>	<u>\$ 1,543,641</u>	<u>\$ (1,669,115)</u>	<u>\$ 9,132,036</u>	<u>\$ 1,177,322</u>
Business-Type Activities					
Capital leases:					
Jetrod Sewer Truck	\$ 93,842	\$ -	\$ (25,277)	\$ 68,565	\$ 26,476
Total Capital Leases	93,842	-	(25,277)	68,565	26,476
Loans payable:					
CIEDB Loan	9,026,810	-	(261,877)	8,764,933	269,760
Airport Hanger Loan	239,288	-	(17,035)	222,253	17,850
Total Loans Payable	9,266,098	-	(278,912)	8,987,186	287,610
Bonds payable:					
Water and Wastewater Revenue Bonds, Series 2006	32,965,000	-	(810,000)	32,155,000	840,000
Add: unamortized bond premiums	478,586	-	(20,151)	458,435	-
Water Revenue Bonds, Series 2010	11,215,000	-	(65,000)	11,150,000	150,000
Less: unamortized bond discounts	(140,982)	-	5,422	(135,560)	-
1993 Variable Rate Demand Bonds (Madera Municipal Golf Course Refinancing Project)	3,375,000	-	(220,000)	3,155,000	230,000
Total Bonds Payable	47,892,604	-	(1,109,729)	46,782,875	1,220,000
Compensated absences	283,044	279,899	(300,713)	262,230	262,230
Net other postemployment benefit obligation	259,443	20,059	-	279,502	-
Total	<u>\$ 57,795,031</u>	<u>\$ 299,958</u>	<u>\$ (1,714,631)</u>	<u>\$ 56,380,358</u>	<u>\$ 1,796,316</u>

Governmental Activities Long-Term Debt

Capital Leases

Fire Truck and Street Sweeper

In September 2007, the City entered into a capital lease agreement with La Salle Bank to lease one fire truck and one street sweeper. The purchase price of the fire truck and street sweeper was \$690,000 and is payable over a period of six years. Semi-annual payments on the contract are \$78,147. The effective interest rate on the contract is 4.660% per annum. The City has paid off this capital lease during the current fiscal year.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt (Continued)

Capital Leases (Continued)

Police Facility

In December 2005, the City entered into a capital lease agreement with La Salle Bank to lease a portion of the construction cost for the police facility. The entire purchase price of the police station was \$5,200,000. The leased portion of the police station was \$1,500,000 and is payable over a period of twenty years. Semi-annual payments on the contract are \$65,249. The effective interest rate on the contract is 5.120% per annum. At June 30, 2013, the outstanding balance of the police station capital lease was \$1,193,954.

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 70,254	\$ 60,243	\$ 130,497
2015	73,898	56,599	130,497
2016	77,730	52,767	130,497
2017	81,760	48,737	130,497
2018	86,000	44,497	130,497
2019-2023	501,702	150,783	652,485
2024-2026	302,610	23,632	326,242
Total	<u>\$ 1,193,954</u>	<u>\$ 437,258</u>	<u>\$ 1,631,212</u>

Madera Youth Center

In May 2010, the City entered into a capital lease agreement with Municipal Finance Corporation to lease a portion of the construction of the Youth Center. The lease portion of the Youth Center was \$1,500,000 and is payable over a period of ten years. Semi-annual payments on the contract are \$194,257. The effective interest rate on the contract is 5% per annum. At June 30, 2013, the outstanding balance of the Youth Center capital lease was \$986,043.

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 144,958	\$ 49,299	\$ 194,257
2015	152,205	42,052	194,257
2016	159,816	34,441	194,257
2017	167,806	26,450	194,256
2018	176,197	18,060	194,257
2019	185,061	9,250	194,311
Total	<u>\$ 986,043</u>	<u>\$ 179,552</u>	<u>\$ 1,165,595</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt (Continued)

Loans Payable

California Housing Finance Agency Loan

In September 2005, the City entered into a loan agreement with California Housing Finance Agency (CalHFA) to operate the City's housing program. The City is required to use the loan funds exclusively to facilitate a multifamily rental rehabilitation program. The maximum loan fund available to the City is \$1,500,000. The effective interest rate is 3% per annum and interest will be charge only on funds disbursed. Principal and interest payments are deferred until September 2015. At June 30, 2013, the outstanding balance of the CalHFA loan payable was \$838,731.

PG&E Energy Efficiency Retrofit Loan

In June 2012, the City entered into a loan agreement with PG&E to convert old high pressure sodium lights with new energy efficient LED streetlights. The loan amount is \$249,731 and is payable over a period of 6.7 years with zero percent interest. Monthly payments on the loan are \$3,161. At June 30, 2013, the outstanding balance of the PG&E Energy Efficiency Retrofit Loan was \$215,195.

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 37,934	\$ -	\$ 37,934
2015	37,934	-	37,934
2016	37,934	-	37,934
2017	37,934	-	37,934
2018	37,934	-	37,934
2019	25,525	-	25,525
Total	<u>\$ 215,195</u>	<u>\$ -</u>	<u>\$ 215,195</u>

Bonds Payable

CFD 2006-1 Series Special Tax Bond

In December 2006, the City issued the 2006 Special Tax Bonds in the amount of \$2,885,000 for the purpose of constructing and acquiring certain public facilities of benefits to the District, providing for the establishment of a reserve fund, providing capitalized interest through September 1, 2008 and paying the cost of issuance of the Bond. The Bonds will be amortized with annual payments through September 2036, with interest payable semi-annually on September 1 and March 1 or each year at 3.7% to 4.7%. The Bonds are secured by and payable from a pledge of special taxes to be levied by the City on real property within the boundaries of the District, from the proceed of any foreclosure actions brought following a delinquency in the payment of the special taxes, and from amounts held in certain funds under the Indenture, all as more fully described herein. Unpaid special taxes do not constitute a personal indebtedness to the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent special tax. There is assurance the owners will be able to pay the special tax or that they will pay a special tax even if financially able to do so. At June 30, 2013, the outstanding balance of the 2006 Special Tax Bonds was \$2,800,000.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt (Continued)

Bonds Payable (Continued)

CFD 2006-1 Series Special Tax Bond (Continued)

The City has pledged a portion of future property tax revenue to repay the 2006 Special Tax Bond. The Bond required 1.8% of the property tax increment revenues. Total principal and interest remaining on the agreement is \$4,996,410 payable through 2037.

The 2006 Special Tax Bonds were issued at a discount which is being amortized over the life of the bonds resulting in an annual amortization of \$594. At June 30, 2013, the outstanding balance of the discount on the bonds was \$13,663.

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 30,000	\$ 135,915	\$ 165,915
2015	35,000	134,565	169,565
2016	40,000	132,970	172,970
2017	45,000	131,120	176,120
2018	50,000	129,030	179,030
2019-2023	340,000	603,805	943,805
2024-2028	540,000	500,005	1,040,005
2029-2033	815,000	334,375	1,149,375
2034-2037	<u>905,000</u>	<u>94,625</u>	<u>999,625</u>
Total	<u>\$ 2,800,000</u>	<u>\$ 2,196,410</u>	<u>\$ 4,996,410</u>

Business-Type Activities Long-Term Debt

Capital Leases

Jetrod Sewer Truck

In December 2005, the City entered into a capital lease agreement with La Salle Bank to lease a Jetrod Sewer Truck. The purchase price of the sewer truck was \$232,435 and is payable over a period of ten years. Semi-annual payments on the contract are \$14,693. The effective interest rate on the contract is 4.690% per annum. At June 30, 2013, the outstanding balance of the Jetrod Sewer Truck capital lease was \$68,375.

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 26,476	\$ 2,909	\$ 29,385
2015	27,733	1,653	29,386
2016	<u>14,166</u>	<u>337</u>	<u>14,503</u>
Total	<u>\$ 68,375</u>	<u>\$ 4,899</u>	<u>\$ 73,274</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt (Continued)

Loans Payable

California Infrastructure and Economic Development Bank (CIEDB) Loan

Loan payable to California Infrastructure and Economic Development Bank for the regional wastewater treatment plant upgrade and expansion project; semi-annual installments of \$383,084 to \$525,788, including interest at 3.01% per annum. At June 30, 2013, the outstanding balance of the California Infrastructure and Economic Development Bank loan was \$8,764,933.

The annual debt service requirements June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 269,760	\$ 259,765	\$ 529,525
2015	277,879	251,523	529,402
2016	286,244	243,033	529,277
2017	294,860	234,287	529,147
2018	303,735	225,278	529,013
2019-2023	1,661,440	981,476	2,642,916
2024-2028	1,926,999	711,920	2,638,919
2029-2033	2,235,005	399,279	2,634,284
2034-2036	1,509,011	69,030	1,578,041
Total	<u>\$ 8,764,933</u>	<u>\$ 3,375,591</u>	<u>\$ 12,140,524</u>

Airport Hanger Loan

Loan payable to the Department of Transportation, Division of Aeronautics for the purchase of fourteen airplane hangars; annual installments of \$14,131 to \$27,180, including interest at 4.7829%. At June 30, 2013, the outstanding balance of the Department of Transportation, Division of Aeronautics loan was \$222,253.

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 17,850	\$ 10,630	\$ 28,480
2015	18,704	9,776	28,480
2016	19,598	8,882	28,480
2017	20,536	7,944	28,480
2018	21,518	6,962	28,480
2019-2023	124,047	18,354	142,401
Total	<u>\$ 222,253</u>	<u>\$ 62,548</u>	<u>\$ 284,801</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt (Continued)

Bonds Payable

Water and Wastewater Revenue Bonds, Series 2006

Water and Wastewater Revenue Bonds, Series 2006 were issued by the Financing Authority in March 2006 for \$35,995,000. Proceeds from the bonds were used to refund \$2,225,000 of its 1996 Sewer Revenue Refunding Bonds, Series A, and for Water and Sewer System Capital Facilities. The bonds are due in annual installments of \$50,000 to \$2,055,000 through March 1, 2036, with interest payable semiannually on September 1 and March 1 of each year at 3.5% to 4.75%. At June 30, 2013, the outstanding balance of the Water and Wastewater Revenue Bonds was \$32,155,000.

The Financing Authority has pledged a portion of future wastewater revenue to repay the 2006 Water and Wastewater Revenue Bonds. Total principal and interest remaining on the agreement is \$53,159,915 payable through 2036.

The Water and Wastewater Revenue Bonds, Series 2006 were issued at a premium which is being amortized over the life of the bonds resulting in an annual amortization of \$20,151. At June 30, 2013, the outstanding balance of the premium on the bonds was \$458,435.

Annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 840,000	\$ 1,470,263	\$ 2,310,263
2015	875,000	1,436,663	2,311,663
2016	910,000	1,401,663	2,311,663
2017	945,000	1,365,263	2,310,263
2018	980,000	1,327,463	2,307,463
2019-2023	5,595,000	5,958,038	11,553,038
2024-2028	7,015,000	4,551,031	11,566,031
2029-2033	8,700,000	2,854,531	11,554,531
2034-2036	6,295,000	640,000	6,935,000
Total	<u>\$ 32,155,000</u>	<u>\$ 21,004,915</u>	<u>\$ 53,159,915</u>

Water Revenue Bonds, Series 2010

Water Revenue Bonds, Series 2010 were issued by the Financing Authority in November 2010 for \$11,215,000. The City will use the proceeds from the Bonds along with the changing of water and sewer rates to bring the City into compliance with State Law to have the entire City on water meters by the year 2025. The bonds are due in annual installments of \$65,000 to \$745,000 through March 1, 2038, with interest payable semi-annually on September 1 and March 1 of each year at 4.5%. At June 30, 2013, the outstanding balance was \$11,150,000.

The Financing Authority has pledged a portion of future wastewater revenue to repay the 2006 Water Revenue Bonds. Total principal and interest remaining on the agreement is \$19,324,497, payable through 2038.

The Water Revenue Bonds, Series 2010 were issued at a discount which is being amortized over the life of the bonds resulting in an annual amortization of \$5,422. At June 30, 2013, the outstanding balance of the discount on the bonds was \$135,560.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt (Continued)

Bonds Payable (Continued)

Water Revenue Bonds, Series 2010 (Continued)

Annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 150,000	\$ 502,963	\$ 652,963
2015	245,000	498,463	743,463
2016	290,000	491,113	781,113
2017	300,000	479,513	779,513
2018	315,000	467,513	782,513
2019-2023	1,730,000	2,172,944	3,902,944
2024-2028	2,110,000	1,792,213	3,902,213
2029-2033	2,640,000	1,246,775	3,886,775
2034-2037	3,370,000	523,000	3,893,000
Total	<u>\$ 11,150,000</u>	<u>\$ 8,174,497</u>	<u>\$ 19,324,497</u>

1993 Variable Rate Demand Bonds

In May 1993, the Financing Authority issued Variable Rate Demand Bonds in the aggregate principal of \$5,280,000. The proceeds were used to redeem \$4,835,000 of its December 8, 1989 lease Revenue Bonds, Series A, and \$262,450 for additional Golf Course construction. The bonds are due in annual installments of \$140,000 to \$350,000 beginning November 2001 with interest at 4.3% to 10.0% per annum payable semi-annually. Payments of principal and interest on the bonds are supported by an irrevocable direct draw letter of credit. At June 30, 2013, the outstanding balance of the Variable Rate Demand Bonds was \$3,155,000. Total principal and interest remaining on the agreement is payable through 2024.

Annual debt service requirements at June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 230,000	\$ -	\$ 230,000
2015	240,000	-	240,000
2016	250,000	-	250,000
2017	260,000	-	260,000
2018	275,000	-	275,000
2019-2023	1,550,000	-	1,550,000
2024	350,000	-	350,000
Total	<u>\$ 3,155,000</u>	<u>\$ -</u>	<u>\$ 3,155,000</u>

Compensated Absences

The City's policy relating to compensated absences is described in Note 1. At June 30, 2013, the City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) balance is \$1,337,627 for governmental activities and \$341,493 for business-type activities. All compensated absence amounts above are generally liquidated by the fund incurring the expense.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – PENSION OBLIGATIONS

California Public Employees' Retirement Plan (CalPERS)

Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. CalPERS provides retirement benefits and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. Copies of CalPERS annual financial report may be obtained from their Executive Office, 400 Q Street, Sacramento, CA 95814.

Funding Policy

Active members are required to contribute 8% if a miscellaneous employee and 9% if a safety employee of their annual salary. The City employer made the contributions required of the City employees on their behalf and for their account, which amounted to \$424,850 for miscellaneous employee and \$242,073 for safety employee for the year ended June 30, 2013. The City employer is required to contribute for fiscal year 2012-2013 at an actuarially determined rate of 15.548% for miscellaneous employees and 34.679% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution is established and may be amended by PERS.

Annual Pension Cost and Net Pension Obligation

For the year ended June 30, 2013, the City's annual pension cost was \$3,434,473. The City's required and actual contributions were \$2,767,550 and contributions made on behalf of the employees were \$666,923. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases ranging from 3.55% to 14.15% for miscellaneous employees, and 3.55% and 14.45% for safety employee depending on age, service, and type of employment; and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of CalPERS assets was determined using techniques that smooth effects of short-term volatility in the market value of investments over a three-year period. CalPERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2013 was 22 years for miscellaneous employees and 19 years for safety employees for the prior and current service unfunded liability.

Trend Information

The City's Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Obligation for the plan for the current year and each of the two preceding years were as follows:

<u>Year Ended June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2013	\$ 3,434,473	100%	\$ -
2012	\$ 3,754,150	100%	\$ -
2011	\$ 3,700,361	100%	\$ -

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8 – PENSION OBLIGATIONS (Continued)

California Public Employees' Retirement Plan (CalPERS) (Continued)

Funded Status and Funding Progress

At June 30, 2012, the most recent actuarial valuation date, the funded status of the miscellaneous plan and safety plan are as follows:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012						
Miscellaneous	\$ 59,812,197	\$ 49,117,851	\$ 10,694,346	82.12%	\$ 9,346,225	114.42%
Safety	\$ 44,036,553	\$ 29,486,802	\$ 14,549,751	66.96%	\$ 4,131,776	352.14%

The information presented above relates to the plan as a whole, of which the City is one participating employer.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS

Plan Description

The City of Madera Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The Plan provides healthcare benefits to eligible retirees. Benefit provisions are negotiated and may be amended through agreements and memorandums of understanding between the City, its management employees, and union representing City employees. Membership in the Plan at the most recent valuation date July 1, 2012 consisted of the following: Eligible active employees for safety and miscellaneous were 57 and 193, respectively; enrolled eligible retirees for safety and miscellaneous were 8 and 15, respectively.

Eligibility

Membership of the Plan at the most recent valuation date July 1, 2012 consisted of the following:

	Management*	All Other Bargaining Group**
Eligibility	Retire directly from City at age 50 and 20 years City service, including 3 years with Management***	Retire directly from City at age 50 and 5 years CalPERS service (or disability retirement)
Medical	Retiree - City pays single premium including supplemental to Medicare and prescription drug premium when Medicare eligible. Must be enrolled at retirement; cannot re-elect coverage; spouse/family - retiree-paid	Retiree pays premium (until age 65 or Medicare eligible). Spouse/family-retiree-paid (until age 65 or Medicare eligible; cannot re-elect coverage)

*Benefits consistent with individual executive contracts

**Excludes City Council

***Management with 5 years City service can participate with payment of premium

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS (Continued)

Funding Policy

There is no statutory requirement for the City to pre-fund its OPEB obligation. The City has currently chosen to pay Plan benefits on a pay-as-you-go basis. There are no employee contributions. For fiscal year 2012-13, the City contributed approximately \$36,070 on a pay-as-you-go-basis for cash subsidy benefit payments and approximately \$69,561 for implied subsidy benefit payments.

Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligations

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the City's annual required contribution (OPEB costs), for the fiscal years ended June 30, 2013, 2012, and 2011, the amount actually contributed to the plan, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 664,190	\$ 139,868	21%	\$ 1,246,844
June 30, 2012	\$ 822,840	\$ 163,418	20%	\$ 1,906,266
June 30, 2013	\$ 253,016	\$ 105,631	42%	\$ 2,053,651

The following table shows the components of City's annual OPEB cost for the fiscal year ended June 30, 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year.

Annual required contribution (ARC)	\$ 287,005
Interest on net OPEB obligation	76,251
Adjustment to annual required contribution	<u>(110,240)</u>
Annual OPEB cost (expense)	253,016
Contributions made	<u>(105,631)</u>
Change in net OPEB obligation	147,385
Net OPEB obligation, beginning of the year	<u>1,906,266</u>
Net OPEB obligation, end of the year	<u>\$ 2,053,651</u>

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation, July 1, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 4,717,369
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,717,369</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 12,328,640
UAAL as a percentage of covered payroll	38%

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

The ARC for the year ended June 30, 2013 was determined as part of the July 1, 2012 actuarial valuation using the following methods and assumptions:

Actuarial cost method:	Projected unit credit with service pro-rate
Amortization method:	30 year level dollars, open period
Remaining amortization period:	30 years
Discount rate:	4.0% per annum
Rate of return on investments:	4.0% per annum (for funding schedules)
Retirement rates:	Based on City experience
Turnover:	According to Crocker-Sarason Table T-5 less mortality, increased by 40% at all ages.
Mortality:	RP-2000 Combined Mortality, statix projection to 2012 by scale AA.
Health care cost trend rate:	2012 (8.0%), 2013 (7.0%), 2014 (6.0%), 2015 (5.0%)

NOTE 10 – DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan was amended so that the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Since the plan assets are administered by an outside party and not subject to the claims of the City's general creditors, their assets and related liabilities are not on the City's financial statements in accordance with Government Accounting Standards Board (GASB) Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – RISK MANAGEMENT

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool for workers' compensation and general liability insurance. The CSJVRMA is a consortium of fifty-five cities located in California's San Joaquin Valley. It was established under the provisions of California Government Code Section 6500 et. seq. CSJVRMA is governed by a Board of Directors, consisting of one member appointed by each member city. The day-to-day business operations are handled by a management group employed by CSJVRMA. The relationship between the City and CSJVRMA is such that the CSJVRMA is not considered a component unit of the City for financial reporting purposes.

General Liability Insurance coverage is addressed via retention maintained by the City and participation in CSJVRMA. The City maintains a self-insured retention level of \$100,000 and participates in the CSJVRMA risk pool for coverage up to \$1,000,000. CSJVRMA participates in an excess pool, which provides coverage from \$1,000,000 to \$29,000,000.

Workers' Compensation coverage is also addressed via a retention maintained by the City and participation in CSJVRMA. The City maintains a self-insured retention level of \$100,000 and participates in the CSJVRMA risk pool for additional coverage up to \$250,000. CSJVRMA also participates in an excess pool which provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance of approximately \$500,000 to the statutory limit.

The summary financial position and results of operations for CSJVRMA, as of June 30, 2013, is presented as follows:

Statement of Net Position

Current assets	\$ 19,406,505
Noncurrent assets	<u>62,783,500</u>
Total assets	<u>82,190,005</u>
Current liabilities	17,545,243
Noncurrent liabilities	<u>48,759,353</u>
Total liabilities	<u>66,304,596</u>
Total net position	<u>\$ 15,885,409</u>

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 30,744,973
Operating expenses	<u>26,902,049</u>
Operating income (loss)	3,842,924
Non-operating income (loss)	<u>(240,534)</u>
Increase (decrease) in net position	3,602,390
Net position - beginning of year	<u>12,283,019</u>
Net position - end of year	<u>\$ 15,885,409</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 – CONTINGENCIES AND COMMITMENTS

Litigation

The City is currently a party to various claims and legal proceedings. In management's opinion, the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the City.

On March 1, 1993, the City issued Certificates of Participation in the aggregate of \$10,250,000 for the benefit of Madera Community Hospital (Hospital), a California nonprofit public benefit corporation. The Hospital is not included in the City's reporting entity. The City is obligated to make the purchase payments only from and to the extent that it receives revenue from the Hospital. They are not secured by any pledge of taxes or other revenues of the City. In addition, the purchase payments are insured by the Office of Statewide Health Planning and Development of the State of California. As of June 30, 2013, the City has not recorded revenues from the Hospital.

Federal Awards and Grants

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

Contractual Commitments

The City has active construction projects as of June 30, 2013. At year-end the City's major contractual commitments are as follows:

Project	Contract Amount	Spent-to-date	Remaining Commitment
Fourth Street, "K" Street to "I" Street, Utility Underground	\$ 294,873	\$ 250,791	\$ 44,082
6th ADA Improvements at Bridge Overcrossing SR99	73,160	58,869	14,291
Fourth Street Reconstruction Between UPRR and Lake	1,969,358	1,816,313	153,045
Asphalt Concrete Overlay Granada Drive, I Street	576,388	547,569	28,819
Asphalt Concrete Overlay Almond Ave. - Commerce Dr.	368,773	-	368,773
Asphalt Concrete Overlay Gateway Drive - 100Ft. North	169,965	-	169,965
Fourth Street Improvements Between Pine Street and "K"	1,208,706	-	1,208,706
SR99/Fourth St Interchange at PM 11.0 with Forth Street	5,466,713	-	5,466,713
Total	<u>\$ 10,127,936</u>	<u>\$ 2,673,542</u>	<u>\$ 7,454,394</u>

Encumbrances

At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 321,266
Special gas tax fund	8,335,243
Nonmajor governmental funds	<u>854,846</u>
Total	<u>\$ 9,511,355</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – DEFICIT FUND BALANCE

Deficit Fund Balance

The City has accumulated fund deficits in the following individual funds:

Nonmajor governmental funds:

The Street Construction special revenue fund has a net fund deficit of \$66,788. The deficit will be eliminated through future revenues or transfers from other funds.

The Senior Citizen Services special revenue fund has a net fund deficit of \$42,196. The deficit will be eliminated through future revenues or transfers from other funds.

The Supplemental Law Enforcement special revenue fund has a net fund deficit of \$39,072. The deficit will be eliminated through future revenues or transfers from other funds.

Nonmajor enterprise funds:

The Golf Course Fund has a net fund deficit of \$1,170,712. The deficit is due primarily to the \$3,155,000 outstanding bonds for the Madera Municipal Golf Course Refinancing Project. It is anticipated that the deficit in this fund will be eliminated through future revenues or transfers from other funds.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

Governmental Activities

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position has been restated to record prior period adjustments to correct the following errors in the prior year. A reconciliation of the prior period ending net position to the current year beginning net position for the Governmental Activities is as follows:

Beginning net position	\$ 175,958,483
Adjustment to correct:	
Overstatement of accounts receivable	(771,011)
Removal of unamortized issuance costs as a result of implementation of GASB 65	(1,145,765)
Understatement of land held for resale	1,440,000
Overstatement of capital assets	(3,289,090)
Overstatement of interest payable	847,666
Understatement of unamortized bond discounts	14,257
Overstatement of compensated absences	1,599
Overstatement of claims payable	451,403
Overstatement of OPEB liability	829,261
Understatement of revenue	113,776
Omission of an internal service fund equity	89,901
Successor Agency equity was incorrectly recorded in the City's fund	<u>40,374,963</u>
Total prior period adjustments and restatements	<u>38,956,960</u>
Beginning net position, as restated	<u>\$ 214,915,443</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS (Continued)

Business-type Activities

The beginning net position of the Business-type Activities in the government-wide Statement of Net Position has been restated to record prior period adjustment to correct the following errors in prior year. A reconciliation of the prior period ending net position to the current year beginning net position for the Business-type Activities is as follows:

Beginning net position	\$ 98,318,981
Adjustment to correct:	
Removal of unamortized issuance costs as a result of implementation of GASB 65	(586,261)
Understatement of prepaid expense	3,058
Understatement of interest payable	(113,211)
Overstatement of unearned income	90,794
Understatement of OPEB liability	(259,442)
Elimination of accumulated depreciation as a result of implementation of GASB 60	601,824
Elimination of component unit equity as a result of implementation of GASB 61	(16,937,792)
Total prior period adjustments and restatements	<u>(17,201,030)</u>
Beginning net position, as restated	<u>\$ 81,117,951</u>

Fund Financial Statements

The City has determined that certain transactions were recorded incorrectly in the prior year. The beginning fund balance of the following funds has been restated on the fund basis financial statements to correct prior year errors. Reconciliations of the prior period ending to the current year beginning fund balances are as follows:

Description	Major Funds										
	General Fund	Special Gas Tax Fund	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund	Internal Service Fund				
Beginning fund balance	\$ 10,475,246	\$ 7,321,140	\$ 22,045,502	\$ 25,921,553	\$ 2,220,421	\$ 20,571,513	\$ 1,730,164				
(Overstatement) understatement of cash	-	-	(103,168)	103,168	-	-	-				
(Overstatement) of accounts receivable	(771,011)	-	-	-	-	-	-				
Removal of unamortized issuance costs as a result of implementation of GASB 65	-	-	(7,524)	(541,020)	-	-	-				
Understatement of interest payable	-	-	(34,390)	(78,821)	-	-	-				
Overstatement of unearned income	-	-	-	-	90,794	-	-				
Overstatement of compensated absences	842,681	-	-	-	-	-	-				
Understatement of OPEB liability	-	-	(87,879)	(113,613)	(13,344)	(23,447)	(69,960)				
(Overstatement) understatement of revenue	(5,834)	98,865	-	-	-	-	-				
Omission of an internal service fund equity	-	-	-	-	-	-	89,901				
Total prior period adjustments and restatements	<u>65,836</u>	<u>98,865</u>	<u>(232,961)</u>	<u>(630,286)</u>	<u>77,450</u>	<u>(23,447)</u>	<u>19,941</u>				
Beginning fund balance, as restated	<u>\$ 10,541,082</u>	<u>\$ 7,420,005</u>	<u>\$ 21,812,541</u>	<u>\$ 25,291,267</u>	<u>\$ 2,297,871</u>	<u>\$ 20,548,066</u>	<u>\$ 1,750,105</u>				

Description	Nonmajor Funds								
	Park Development	Federal Aid Urban	Senior Citizens Services	Senior Citizens Services	Community Facilities District	Low and Moderate Income Housing Asset	Local Transit Fund	Golf Course Fund	Airport Fund
Beginning fund balance	\$ 34,600	\$ 269,440	\$ 1,630	\$ 3,039	\$ 1,028,471	\$ 10,857,407	\$ 1,292,980	\$ (1,911,004)	\$ 11,240,224
Removal of unamortized issuance costs as a result of implementation of GASB 65	-	-	-	-	(146,274)	-	-	(37,717)	-
Understatement of prepaid expense	-	-	-	-	-	-	-	3,058	-
Understatement of land held for resale	-	-	-	-	-	1,440,000	-	-	-
Overstatement of compensated absences	-	-	10,696	3,538	-	1,599	-	-	-
Overstatement of loan payable	-	-	-	-	-	972,048	-	-	-
Understatement of OPEB liability	-	-	-	-	-	-	(11,056)	-	(10,103)
Successor Agency equity was incorrectly recorded in the City's fund	-	-	-	-	-	(10,192,762)	-	-	-
Elimination of accumulated depreciation as a result of implementation of GASB 60	-	-	-	-	-	-	-	601,824	-
Total prior period adjustments and restatements	<u>14,912</u>	<u>(85,279)</u>	<u>10,696</u>	<u>3,538</u>	<u>(146,274)</u>	<u>(7,779,115)</u>	<u>(11,056)</u>	<u>567,165</u>	<u>(10,103)</u>
Beginning fund balance, as restated	<u>\$ 49,512</u>	<u>\$ 184,161</u>	<u>\$ 12,326</u>	<u>\$ 6,577</u>	<u>\$ 882,197</u>	<u>\$ 3,078,292</u>	<u>\$ 1,281,924</u>	<u>\$ (1,343,839)</u>	<u>\$ 11,230,121</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 – SEGMENT INFORMATION

Segment information for the Water Fund, Sewer Fund, and Golf Course Fund are as follows:

	Water Fund	Sewer Fund	Golf Course Fund
CONDENSED STATEMENT OF NET POSITION			
Assets:			
Current assets	\$ 11,671,259	\$ 10,258,110	\$ 847,246
Capital assets	25,106,029	53,620,086	2,028,861
Total assets	<u>36,777,288</u>	<u>63,878,196</u>	<u>2,876,107</u>
Liabilities:			
Current liabilities	2,086,957	2,000,240	1,076,819
Noncurrent liabilities	13,095,233	38,296,974	2,925,000
Total liabilities	<u>15,182,190</u>	<u>40,297,214</u>	<u>4,001,819</u>
Deferred inflows of resources:			
Deferred service concession arrangement receipts	-	-	45,000
Net position:			
Net investment in capital assets	14,929,446	14,364,274	(1,126,139)
Unrestricted	6,665,652	9,216,708	(44,573)
Total net position	<u>\$ 21,595,098</u>	<u>\$ 23,580,982</u>	<u>\$ (1,170,712)</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
Operating revenues	\$ 5,456,783	\$ 5,814,258	\$ 111,360
Depreciation expense	(835,472)	(2,282,571)	(2,435)
Other operating expenses	(3,720,695)	(3,241,472)	-
Operating income (loss)	900,616	290,215	108,925
Nonoperating revenue (expenses):			
Investment income	6,536	7,218	-
Interest expense	(603,765)	(1,661,140)	(5,763)
Other nonoperating revenue (expenses)	-	198	(122,094)
Capital contributions	77,251	61,305	-
Transfers in	-	190,000	192,059
Transfers out	(598,081)	(598,081)	-
Change in net position	<u>(217,443)</u>	<u>(1,710,285)</u>	<u>173,127</u>
Beginning net position	22,045,502	25,921,553	(1,911,004)
Prior period adjustments	(232,961)	(630,286)	567,165
Beginning net position, as restated	21,812,541	25,291,267	(1,343,839)
Ending net position	<u>\$ 21,595,098</u>	<u>\$ 23,580,982</u>	<u>\$ (1,170,712)</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	\$ 2,842,033	\$ 2,566,798	\$ 640,103
Noncapital financing activities	(598,081)	(407,883)	192,162
Capital and related financing activities	(725,467)	(2,716,163)	(347,439)
investment activities	6,672	7,232	-
Net increase (decrease)	1,525,157	(550,016)	484,826
Beginning cash and cash equivalents	9,715,976	10,548,096	304,873
Ending cash and cash equivalents	<u>\$ 11,241,133</u>	<u>\$ 9,998,080</u>	<u>\$ 789,699</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 16 – SUCCESSOR AGENCY TRUST FUND

On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the Bill”) which dissolved all redevelopment agencies in the State of California.

Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocated revenue in the amount that is necessary to pay estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

After the date of the dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Capital Assets

Capital assets activity of the Successor Agency Trust Fund as of June 30, 2013 is as follows:

	(Restated) Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 389,566	\$ -	\$ -	\$ 389,566
Total capital assets not being depreciated	<u>389,566</u>	<u>-</u>	<u>-</u>	<u>389,566</u>
Capital assets being depreciated:				
Buildings and improvements	3,339,683	-	-	3,339,683
Equipment	<u>354,078</u>	<u>24,091</u>	<u>-</u>	<u>378,169</u>
Total capital assets being depreciated	<u>3,693,761</u>	<u>24,091</u>	<u>-</u>	<u>3,717,852</u>
Less accumulated depreciation for:				
Buildings and improvements	630,880	140,607	-	771,487
Equipment	<u>163,358</u>	<u>28,308</u>	<u>-</u>	<u>191,666</u>
Total accumulated depreciation	<u>794,238</u>	<u>168,915</u>	<u>-</u>	<u>963,153</u>
Capital assets, net	<u>\$ 3,289,089</u>	<u>\$ (144,824)</u>	<u>\$ -</u>	<u>\$ 3,144,265</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt

The following is a summary of long-term debt obligation transactions for the Successor Agency Trust Fund at June 30, 2013:

	(Restated) Balance July 1, 2012	Additions	Deletions	June 30, 2013	Due Within One Year
1998 Tax Allocation Bonds	\$ 6,200,000	\$ -	\$ (115,000)	\$ 6,085,000	\$ 125,000
Less: unamortized bond discounts	(85,617)	-	5,351	(80,266)	-
2003 Tax Allocation Bonds	16,750,000	-	(510,000)	16,240,000	525,000
Add: unamortized bond premiums	9,645	-	(459)	9,186	-
2008A Series Tax Allocation Bonds	24,510,000	-	(340,000)	24,170,000	355,000
2008B Series Tax Allocation Bonds	3,800,000	-	(70,000)	3,730,000	75,000
Less: unamortized bond discounts	(692,275)	-	26,625	(665,650)	-
Total	<u>\$ 50,491,753</u>	<u>\$ -</u>	<u>\$ (1,003,483)</u>	<u>\$ 49,488,270</u>	<u>\$ 1,080,000</u>

1998 Tax Allocation Bonds

On October 8, 1998, the Agency issued \$7,440,000 of 1998 Tax Allocation Redevelopment Project Bonds. The proceeds of the bonds were used to finance redevelopment activities within the Madera Redevelopment Project Area, to pay costs incurred in connection with the issuance, sale and delivery of the bonds, and to fund the reserve account.

Principal payments are due annually on September 1, commencing on September 1, 1999, with the final payment due in the year 2029. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 3.15% to 4.95%. Principal and interest will be paid from tax increment revenues consisting of a portion of taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2013 was \$6,085,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 1998 Tax Allocation Redevelopment Bonds. The bonds required 10% of the RDA property tax increment revenue. Total principal and interest remaining on the bonds is \$9,396,016 payable through 2029.

The annual debt service requirements at June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 125,000	\$ 284,554	\$ 409,554
2015	130,000	278,753	408,753
2016	135,000	272,724	407,724
2017	140,000	266,468	406,468
2018	140,000	260,098	400,098
2019-2023	820,000	1,192,100	2,012,100
2024-2028	3,630,000	733,400	4,363,400
2029	965,000	22,919	987,919
Total	<u>\$ 6,085,000</u>	<u>\$ 3,311,016</u>	<u>\$ 9,396,016</u>

The 1998 Tax Allocation Bonds were issued at a discount of \$160,533, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$5,351. Unamortized bond discount as of June 30, 2013 was \$80,266.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt (Continued)

2003 Tax Allocation Bonds

On October 23, 2003, the Agency issued \$19,495,000 of 2003 Tax Allocation Refunding and Redevelopment Project Bonds. The proceeds of the bonds were used to advance refund the Agency's 1993 Bond Anticipation Notes dated July 1, 1993, in an amount of \$7,201,007, to fund the acquisition and construction of new improvements within the Madera Redevelopment Project Area, to pay Agency housing set-aside obligations, to pay costs incurred in connection with the issuance, sale and delivery of the bonds, and to fund the reserve account.

Principal payments are due annually on September 1, commencing on September 1, 2004, with the final payment due in the year 2034. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 2.00% to 5.00%. Principal and interest will be paid from tax increment revenues consisting of a portion of all taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2013 was \$16,240,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2003 Tax Allocation Refunding Bonds. The bond required 34% of the RDA property tax increment revenues. Total principal and interest remaining on the bond is \$26,528,919 payable through 2034.

The annual debt service requirements at June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 525,000	\$ 778,819	\$ 1,303,819
2015	550,000	756,506	1,306,506
2016	575,000	729,006	1,304,006
2017	605,000	704,569	1,309,569
2018	635,000	678,856	1,313,856
2019-2023	3,620,000	2,933,675	6,553,675
2024-2028	1,970,000	2,168,038	4,138,038
2029-2033	6,125,000	1,457,700	7,582,700
2034	1,635,000	81,750	1,716,750
Total	<u>\$ 16,240,000</u>	<u>\$ 10,288,919</u>	<u>\$ 26,528,919</u>

The 2003 Tax Allocation Bonds were issued at a premium of \$13,799, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$459. Unamortized bond premium as of June 30, 2013 was \$8,186.

2008A Series Tax Allocation Bonds

On September 10, 2008, the Agency issued \$25,455,000 of 2008A Series Tax Allocation Bonds. The proceeds of the bonds were used to finance redevelopment activities within the Madera Redevelopment Project Area, to pay costs incurred in connection with the issuance of the bonds, and to fund the reserve account.

Principal payments are due annually on September 1, commencing on September 1, 2010, with the final payment due in the year 2039. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 3.50% to 5.38%. Principal and interest will be paid from tax increment revenues consisting of a portion of all taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2013 was \$24,170,000.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt (Continued)

2008A Series Tax Allocation Bonds (continued)

The Agency has pledged a portion of future property tax increment revenue to repay the 2008A Series Tax Allocation Bonds. The bond required 41% of the RDA property tax increment revenue. Total principal and interest remaining on the bond is \$46,719,280 payable through 2039.

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 355,000	\$ 1,237,192	\$ 1,592,192
2015	365,000	1,222,104	1,587,104
2016	380,000	1,206,415	1,586,415
2017	395,000	1,190,118	1,585,118
2018	415,000	1,172,768	1,587,768
2019-2023	2,370,000	5,544,745	7,914,745
2024-2028	3,040,000	4,848,028	7,888,028
2029-2033	3,945,000	3,895,228	7,840,228
2034-2038	10,245,000	2,164,774	12,409,774
2039	<u>2,660,000</u>	<u>67,908</u>	<u>2,727,908</u>
Total	<u>\$ 24,170,000</u>	<u>\$ 22,549,280</u>	<u>\$ 46,719,280</u>

The 2008A Series Tax Allocation Bonds were issued at a discount of \$692,753, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$23,092. Unamortized bond discount as of June 30, 2013 was \$577,295.

2008B Series Tax Allocation Bonds

On September 10, 2008, the Agency issued \$4,000,000 of 2008B Housing Set-Aside Subordinate Tax Allocation Bonds. The proceeds of the bonds were used to finance low and moderate-income housing within the Madera Redevelopment Project Area, to pay costs incurred in connection with the issuance of the bond, and to fund the reserve account.

Principal payments are due annually commencing on September 1, 2010, with the final payment due in the year 2038. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 3.50% to 5.38%. Principal and interest will be paid from tax increment revenues consisting of a portion of all taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2013 was \$3,730,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2008B Housing Set-Aside Subordinate Tax allocation Bonds. The bond required 7% of the RDA property tax increment revenues. Total principal and interest remaining on the bond is \$7,194,366 payable through 2039.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt (Continued)

2008B Series Tax Allocation Bonds (continued)

The annual debt service requirements at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 75,000	\$ 190,076	\$ 265,076
2015	80,000	187,758	267,758
2016	80,000	185,348	265,348
2017	85,000	182,844	267,844
2018	90,000	180,179	270,179
2019-2023	500,000	851,869	1,351,869
2024-2028	640,000	744,828	1,384,828
2029-2033	835,000	598,445	1,433,445
2034-2038	1,090,000	332,586	1,422,586
2039	255,000	10,433	265,433
Total	<u>\$ 3,730,000</u>	<u>\$ 3,464,366</u>	<u>\$ 7,194,366</u>

The 2008B Series Tax Allocation Bonds were issued at a discount of \$106,026, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$3,534. Unamortized bond discount as of June 30, 2013 was \$88,355.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 2,667,074	\$ 2,667,074	\$ 2,581,565	\$ (85,509)
Sales and use taxes	4,203,626	4,203,626	4,505,707	302,081
Other taxes	890,236	890,236	1,040,068	149,832
Use of money and property	705,200	705,200	1,238,493	533,293
Franchises	581,991	581,991	584,160	2,169
Licenses and permits	241,900	241,900	313,382	71,482
Fines	850,225	850,225	999,315	149,090
Aid from governmental agencies:				
Federal	961,497	909,383	-	(909,383)
State	6,260,788	6,260,788	6,762,653	501,865
Other	177,290	177,290	61,259	(116,031)
Charges for current services	4,309,265	4,310,825	4,304,174	(6,651)
Miscellaneous	262,748	262,748	429,120	166,372
Total revenues	<u>22,111,840</u>	<u>22,061,286</u>	<u>22,819,896</u>	<u>758,610</u>
EXPENDITURES:				
Current:				
General government	4,732,674	4,685,057	4,594,086	90,971
Public protection	12,626,483	12,412,602	12,619,209	(206,607)
Public ways and facilities	2,524,619	2,467,104	1,955,002	512,102
Community development	3,784,458	3,667,353	3,885,923	(218,570)
Culture and recreation	2,769,405	2,423,174	2,724,788	(301,614)
Capital outlay	202,300	142,300	144,885	(2,585)
Debt service:				
Principal	192,930	192,930	143,159	49,771
Interest	15,000	15,000	69,614	(54,614)
Total expenditures	<u>26,847,869</u>	<u>26,005,520</u>	<u>26,136,666</u>	<u>(131,146)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,736,029)</u>	<u>(3,944,234)</u>	<u>(3,316,770)</u>	<u>627,464</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,334,207	5,141,146	4,352,160	(788,986)
Transfers out	<u>(1,582,794)</u>	<u>(1,500,135)</u>	<u>(1,387,730)</u>	<u>112,405</u>
Total other financing sources (uses)	<u>3,751,413</u>	<u>3,641,011</u>	<u>2,964,430</u>	<u>(676,581)</u>
Net change in fund balance	<u>(984,616)</u>	<u>(303,223)</u>	<u>(352,340)</u>	<u>(49,117)</u>
Fund balance - beginning	10,475,246	10,475,246	10,475,246	-
Prior period adjustments	<u>65,836</u>	<u>65,836</u>	<u>65,836</u>	<u>-</u>
Fund balances - beginning (restated)	<u>10,541,082</u>	<u>10,541,082</u>	<u>10,541,082</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,556,466</u>	<u>\$ 10,237,859</u>	<u>\$ 10,188,742</u>	<u>\$ (49,117)</u>

CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL DEVELOPMENT IMPACT FEE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	\$ -	\$ -	\$ 3,900	\$ 3,900
Use of money and property	17,300	17,300	10,103	(7,197)
Charges for current services	239,700	239,700	1,018,694	778,994
Total revenues	<u>257,000</u>	<u>257,000</u>	<u>1,032,697</u>	<u>775,697</u>
EXPENDITURES:				
Current:				
General government	-	-	211	(211)
Public ways and facilities	-	-	65,384	(65,384)
Capital outlay	<u>1,697,062</u>	-	<u>169,615</u>	<u>(169,615)</u>
Total expenditures	<u>1,697,062</u>	-	<u>235,210</u>	<u>(235,210)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,440,062)</u>	<u>257,000</u>	<u>797,487</u>	<u>540,487</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,192,446)</u>	<u>(539,257)</u>	<u>(384,257)</u>	<u>155,000</u>
Total other financing sources (uses)	<u>(1,192,446)</u>	<u>(539,257)</u>	<u>(384,257)</u>	<u>155,000</u>
Net change in fund balance	(2,632,508)	(282,257)	413,230	695,487
Fund balance - beginning	<u>8,976,449</u>	<u>8,976,449</u>	<u>8,976,449</u>	-
Fund balance - ending	<u>\$ 6,343,941</u>	<u>\$ 8,694,192</u>	<u>\$ 9,389,679</u>	<u>\$ 695,487</u>

CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL GAS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 13,380	\$ 13,380
Aid from governmental agencies:				
Federal	794,334	460,000	613,183	153,183
State	8,981,216	1,867,325	1,396,942	(470,383)
Other	7,898,097	2,139,053	4,679,304	2,540,251
Miscellaneous	-	-	910	910
Total revenues	<u>17,673,647</u>	<u>4,466,378</u>	<u>6,703,719</u>	<u>2,237,341</u>
EXPENDITURES:				
Current:				
General government	250,000	250,000	250,049	(49)
Capital outlay	<u>19,301,803</u>	<u>2,237,528</u>	<u>5,456,355</u>	<u>(3,218,827)</u>
Total expenditures	<u>19,551,803</u>	<u>2,487,528</u>	<u>5,706,404</u>	<u>(3,218,876)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,878,156)</u>	<u>1,978,850</u>	<u>997,315</u>	<u>(981,535)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,958,876)</u>	<u>(2,345,473)</u>	<u>(1,400,423)</u>	<u>945,050</u>
Total other financing sources (uses)	<u>(1,958,876)</u>	<u>(2,345,473)</u>	<u>(1,400,423)</u>	<u>945,050</u>
Net change in fund balance	(3,837,032)	(366,623)	(403,108)	(36,485)
Fund balance - beginning	7,321,140	7,321,140	7,321,140	-
Prior period adjustments	<u>98,865</u>	<u>98,865</u>	<u>98,865</u>	-
Fund balances - beginning (restated)	<u>7,420,005</u>	<u>7,420,005</u>	<u>7,420,005</u>	-
Fund balance - ending	<u>\$ 3,582,973</u>	<u>\$ 7,053,382</u>	<u>\$ 7,016,897</u>	<u>\$ (36,485)</u>

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013**

The City's defined benefit pension plans, the Miscellaneous Plan and the Safety Plan, are cost-sharing multiple employer defined benefit pension plans that provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The information presented below in the schedule of funding progress and employer contributions relates to the plan as a whole, of which the City is one participating employer.

**Defined Benefit Pension Plan
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>Miscellaneous Plan</u>						
June 30, 2010	\$ 52,360,895	\$ 43,641,628	\$ 8,719,267	83.35%	\$ 10,000,210	87.19%
June 30, 2011	\$ 56,335,048	\$ 46,472,177	\$ 9,862,871	82.49%	\$ 10,039,660	98.24%
June 30, 2012	\$ 59,812,197	\$ 49,117,851	\$ 10,694,346	82.12%	\$ 9,346,225	114.42%
<u>Safety Plan</u>						
June 30, 2010	\$ 10,165,475,166	\$ 8,470,235,152	\$ 1,695,240,014	83.32%	\$ 955,980,815	177.33%
June 30, 2011	\$ 42,225,521	\$ 33,606,366	\$ 8,619,155	79.59%	\$ 4,162,783	207.05%
June 30, 2012	\$ 44,036,553	\$ 29,486,802	\$ 14,549,751	66.96%	\$ 4,131,776	352.14%

**Other Postemployment Benefits Plan
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2007	\$ -	\$ 3,100,000	\$ 3,100,000	0%	\$ 11,757,000	26%
June 30, 2011	\$ -	\$ 4,970,000	\$ 4,970,000	0%	\$ 13,326,000	37%
July 1, 2012	\$ -	\$ 4,717,369	\$ 4,717,369	0%	\$ 12,328,640	38%

CITY OF MADERA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – BUDGET CONTROL AND ACCOUNTING

BUDGETARY INFORMATION

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying schedules:

- Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General, Special Revenue and Debt Service Funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.
- Reported budget amounts represent the original legally adopted budget as amended. Individual amendments were not material in relation to the original adopted budget amounts. The City Council may amend the budget to increase appropriations only by a duly adopted minute resolution during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIIIB of the State Constitution. Management can transfer, without City Council approval, budgeted amounts provided that they do not increase or decrease total fund appropriations adopted by the City Council.
- Unexpended budgeted amounts lapse at the end of the budget year. Spending control for the fund is established by the amount of expenditures budgeted for the fund, but management control is exercised at the budgetary line item levels.
- Expenditures may not legally exceed overall budgeted appropriations.
- The budgets of the City's capital projects are primarily "long-term" budgets which emphasize major programs and capital outlay plans extending over a number of fiscal periods. Therefore, no budget-to-actual schedules are presented for Capital Projects Funds.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2013:

General Fund

Public protection	\$ 206,607
Community development	218,570
Culture and recreation	301,614
Capital outlay	2,585
Debt service - Interest	54,614

GENERAL DEVELOPMENT IMPACT FEE FUND

General government	211
Public ways and facilities	65,384
Capital outlay	169,615

SPECIAL GAS TAX FUND

General government	49
Capital outlay	3,218,827

The excess expenditures were covered by available fund balance in the funds.

SUPPLEMENTARY INFORMATION

**CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Business Improvement District	Park Development	Parking District	Federal Aid Urban	State Local Transportation Partnership	Street Construction
ASSETS						
Cash and investments	\$ 8,375	\$ 180,080	\$ 31,067	\$ 60,656	\$ -	\$ -
Receivables:						
Accounts, net	184	-	1,522	229,129	-	321,854
Interest	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	11,996
Land held for resale	-	-	-	-	-	-
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	-	-	-
Total assets	<u>\$ 8,559</u>	<u>\$ 180,080</u>	<u>\$ 32,589</u>	<u>\$ 289,785</u>	<u>\$ -</u>	<u>\$ 333,850</u>
LIABILITIES						
Accounts payable	\$ 6,960	\$ -	\$ 2,957	\$ -	\$ -	\$ 66,173
Salaries payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	157,879
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>6,960</u>	<u>-</u>	<u>2,957</u>	<u>-</u>	<u>-</u>	<u>224,052</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	229,129	-	176,586
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,129</u>	<u>-</u>	<u>176,586</u>
FUND BALANCES (DEFICITS)						
Restricted:	-	-	-	-	-	-
Community development	1,599	-	-	-	-	-
Park development	-	180,080	-	-	-	-
Parking improvements	-	-	29,632	-	-	-
Public works and transportation	-	-	-	60,656	-	-
Special assessment project	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(66,788)
Total fund balances (deficits)	<u>1,599</u>	<u>180,080</u>	<u>29,632</u>	<u>60,656</u>	<u>-</u>	<u>(66,788)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 8,559</u>	<u>\$ 180,080</u>	<u>\$ 32,589</u>	<u>\$ 289,785</u>	<u>\$ -</u>	<u>\$ 333,850</u>

CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(Continued)

	Residential Rehab	Senior Citizens Services	Senior Citizens Nutrition	Landscape Assessment	Supplemental Law Enforcement	Intermodal Building
ASSETS						
Cash and investments	\$ 111,745	\$ -	\$ 54,311	\$ 762,400	\$ 14,286	\$ 25,082
Receivables:						
Accounts, net	262,234	-	-	5,725	142,516	7,449
Interest	-	-	-	-	-	-
Notes	2,700,000	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	-	-	-
Total assets	<u>\$ 3,073,979</u>	<u>\$ -</u>	<u>\$ 54,311</u>	<u>\$ 768,125</u>	<u>\$ 156,802</u>	<u>\$ 32,531</u>
LIABILITIES						
Accounts payable	\$ 5,791	\$ 4,622	\$ 2,169	\$ 19,262	\$ 27,965	\$ 1,125
Salaries payable	3,830	-	-	-	-	-
Due to other funds	284,051	37,574	-	-	75,393	-
Unearned revenue	-	-	-	-	-	14,103
Total liabilities	<u>293,672</u>	<u>42,196</u>	<u>2,169</u>	<u>19,262</u>	<u>103,358</u>	<u>15,228</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	5,725	92,516	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,725</u>	<u>92,516</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted:	-	-	-	-	-	-
Community development	2,780,307	-	-	-	-	-
Park development	-	-	-	-	-	-
Parking improvements	-	-	-	-	-	-
Public works and transportation	-	-	-	-	-	17,303
Special assessment project	-	-	-	743,138	-	-
Social services	-	-	52,142	-	-	-
Debt service	-	-	-	-	-	-
Unassigned	-	(42,196)	-	-	(39,072)	-
Total fund balances (deficits)	<u>2,780,307</u>	<u>(42,196)</u>	<u>52,142</u>	<u>743,138</u>	<u>(39,072)</u>	<u>17,303</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 3,073,979</u>	<u>\$ -</u>	<u>\$ 54,311</u>	<u>\$ 768,125</u>	<u>\$ 156,802</u>	<u>\$ 32,531</u>

CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(Continued)

	Community Facilities District	Economic Development	Park Facilities	Low and Moderate Income Housing Asset	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	\$ 982,392	\$ 1,014,869	\$ 65,240	\$ 574,797	\$ 3,885,300
Receivables:					
Accounts, net	12,247	-	-	11,257	994,117
Interest	386	-	-	-	386
Notes	-	-	-	1,003,979	3,703,979
Due from other funds	-	-	-	22	12,018
Land held for resale	-	-	-	1,440,000	1,440,000
Restricted assets:					
Cash and investments with fiscal agents	264,360	-	-	-	264,360
Total assets	<u>\$ 1,259,385</u>	<u>\$ 1,014,869</u>	<u>\$ 65,240</u>	<u>\$ 3,030,055</u>	<u>\$ 10,300,160</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 383,435	\$ 520,459
Salaries payable	-	-	-	-	3,830
Due to other funds	-	-	-	10,987	565,884
Unearned revenue	175,246	-	-	-	189,349
Total liabilities	<u>175,246</u>	<u>-</u>	<u>-</u>	<u>394,422</u>	<u>1,279,522</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	12,247	-	-	-	516,203
Total deferred inflows of resources	<u>12,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,203</u>
FUND BALANCES (DEFICITS)					
Restricted:	-	-	-	-	-
Community development	-	1,014,869	-	2,635,633	6,432,408
Park development	-	-	-	-	180,080
Parking improvements	-	-	65,240	-	94,872
Public works and transportation	-	-	-	-	77,959
Special assessment project	807,532	-	-	-	1,550,670
Social services	-	-	-	-	52,142
Debt service	264,360	-	-	-	264,360
Unassigned	-	-	-	-	(148,056)
Total fund balances (deficits)	<u>1,071,892</u>	<u>1,014,869</u>	<u>65,240</u>	<u>2,635,633</u>	<u>8,504,435</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,259,385</u>	<u>\$ 1,014,869</u>	<u>\$ 65,240</u>	<u>\$ 3,030,055</u>	<u>\$ 10,300,160</u>

CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business Improvement District	Park Development	Parking District	Federal Aid Urban	State Local Transportation Partnership	Street Construction
REVENUES:						
Other taxes	\$ 25,673	\$ -	\$ 27,719	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-	-	-
Fines	1,603	-	27,402	-	-	-
Aid from other governmental agencies:						
Federal	-	-	-	31,198	-	-
State	-	-	-	-	-	513,200
Other	-	-	-	-	-	-
Charges for current services	600	-	498	-	-	-
Miscellaneous	-	112,252	-	-	-	-
Total revenues	<u>27,876</u>	<u>112,252</u>	<u>55,619</u>	<u>31,198</u>	<u>-</u>	<u>513,200</u>
EXPENDITURES:						
Current:						
Public protection	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Public ways and facilities	-	-	34,906	-	17,503	34,213
Community development	28,626	-	-	-	-	-
Capital outlay	-	9,293	-	154,703	-	365,845
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>28,626</u>	<u>9,293</u>	<u>34,906</u>	<u>154,703</u>	<u>17,503</u>	<u>400,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(750)</u>	<u>102,959</u>	<u>20,713</u>	<u>(123,505)</u>	<u>(17,503)</u>	<u>113,142</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	27,609	-	-	17,503	-
Transfers out	-	-	-	-	-	(289,500)
Total other financing sources (uses)	<u>-</u>	<u>27,609</u>	<u>-</u>	<u>-</u>	<u>17,503</u>	<u>(289,500)</u>
Net change in fund balances	<u>(750)</u>	<u>130,568</u>	<u>20,713</u>	<u>(123,505)</u>	<u>-</u>	<u>(176,358)</u>
Fund balances - beginning	2,349	34,600	8,919	269,440	-	109,570
Prior period adjustments	-	14,912	-	(85,279)	-	-
Fund balances - beginning (restated)	<u>2,349</u>	<u>49,512</u>	<u>8,919</u>	<u>184,161</u>	<u>-</u>	<u>109,570</u>
Fund balances - ending	<u>\$ 1,599</u>	<u>\$ 180,080</u>	<u>\$ 29,632</u>	<u>\$ 60,656</u>	<u>\$ -</u>	<u>\$ (66,788)</u>

CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

	Residential Rehab	Senior Citizens Services	Senior Citizens Nutrition	Landscape Assessment	Supplemental Law Enforcement	Intermodal Building
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ 327,118	\$ -	\$ -
Use of money and property	-	-	-	-	40	20,616
Fines	-	-	-	-	-	-
Aid from other governmental agencies:						
Federal	3,562,922	66,390	-	-	77,223	37,550
State	-	-	-	-	54,355	24,377
Other	-	-	-	-	-	-
Charges for current services	19,276	50,366	-	-	-	8,577
Miscellaneous	-	53,509	5,756	-	-	-
Total revenues	3,582,198	170,265	5,756	327,118	131,618	91,120
EXPENDITURES:						
Current:						
Public protection	-	-	-	-	210,307	-
Social services	-	358,300	114,828	-	-	-
Public ways and facilities	-	-	-	495,857	-	54,914
Community development	294,478	-	-	-	-	-
Capital outlay	557,174	-	-	-	37,161	36,106
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	851,652	358,300	114,828	495,857	247,468	91,020
Excess (deficiency) of revenues over (under) expenditures	<u>2,730,546</u>	<u>(188,035)</u>	<u>(109,072)</u>	<u>(168,739)</u>	<u>(115,850)</u>	<u>100</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	133,513	154,637	1,635	-	-
Transfers out	<u>(79,348)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	(79,348)	133,513	154,637	1,635	-	-
Net change in fund balances	2,651,198	(54,522)	45,565	(167,104)	(115,850)	100
Fund balances - beginning	129,109	1,630	3,039	910,242	76,778	17,203
Prior period adjustments	-	10,696	3,538	-	-	-
Fund balances - beginning (restated)	<u>129,109</u>	<u>12,326</u>	<u>6,577</u>	<u>910,242</u>	<u>76,778</u>	<u>17,203</u>
Fund balances - ending	<u>\$ 2,780,307</u>	<u>\$ (42,196)</u>	<u>\$ 52,142</u>	<u>\$ 743,138</u>	<u>\$ (39,072)</u>	<u>\$ 17,303</u>

CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

	Community Facilities District	Economic Development	Park Facilities	Low and Moderate Income Housing Asset	Total Nonmajor Special Revenue Funds
REVENUES:					
Other taxes	\$ 447,772	\$ -	\$ -	\$ -	\$ 828,282
Use of money and property	2,373	773	-	80,382	104,184
Fines	-	-	-	-	29,005
Aid from other governmental agencies:					
Federal	-	-	-	-	3,775,283
State	-	-	-	-	591,932
Other	-	-	-	375,000	375,000
Charges for current services	-	-	-	87,500	166,817
Miscellaneous	-	-	-	11,257	182,774
Total revenues	450,145	773	-	554,139	6,053,277
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	210,307
Social services	-	-	-	-	473,128
Public ways and facilities	15,310	-	-	-	652,703
Community development	-	-	-	835,049	1,158,153
Capital outlay	-	-	-	-	1,160,282
Debt service:					
Principal	25,000	-	137,948	133,317	296,265
Interest	137,030	-	56,309	28,432	221,771
Total expenditures	177,340	-	194,257	996,798	4,172,609
Excess (deficiency) of revenues over (under) expenditures	<u>272,805</u>	<u>773</u>	<u>(194,257)</u>	<u>(442,659)</u>	<u>1,880,668</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	163,610	-	194,257	-	692,764
Transfers out	(246,720)	-	-	-	(615,568)
Total other financing sources (uses)	<u>(83,110)</u>	<u>-</u>	<u>194,257</u>	<u>-</u>	<u>77,196</u>
Net change in fund balances	189,695	773	-	(442,659)	1,957,864
Fund balances - beginning	1,028,471	1,014,096	65,240	10,857,407	14,528,093
Prior period adjustments	(146,274)	-	-	(7,779,115)	(7,981,522)
Fund balances - beginning (restated)	882,197	1,014,096	65,240	3,078,292	6,546,571
Fund balances - ending	<u>\$ 1,071,892</u>	<u>\$ 1,014,869</u>	<u>\$ 65,240</u>	<u>\$ 2,635,633</u>	<u>\$ 8,504,435</u>

CITY OF MADERA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2013

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 486,943	\$ 823,517	\$ 1,310,460
Accounts receivable, net	530,432	57,547	294,350	882,329
Total current assets	530,432	544,490	1,117,867	2,192,789
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	302,756	-	302,756
Capital assets, not depreciated	24,636	146,933	3,534,275	3,705,844
Capital assets, net of accumulated depreciation	1,729,366	1,881,928	7,385,820	10,997,114
Total noncurrent assets	1,754,002	2,331,617	10,920,095	15,005,714
Total assets	2,284,434	2,876,107	12,037,962	17,198,503
LIABILITIES				
Current liabilities:				
Accounts payable	94,800	2,000	279,003	375,803
Salaries payable	2,287	-	4,679	6,966
Accrued interest payable	-	520	8,883	9,403
Due to other funds	482,912	538,296	-	1,021,208
Advances from other funds	-	306,003	-	306,003
Unearned revenue	38,814	-	-	38,814
Compensated absences, due within one year	20,988	-	2,382	23,370
Long-term debt, due within one year	-	230,000	17,850	247,850
Total current liabilities	639,801	1,076,819	312,797	2,029,417
Noncurrent liabilities:				
Long-term debt, due in more than one year	11,911	2,925,000	215,287	3,152,198
Total noncurrent liabilities	11,911	2,925,000	215,287	3,152,198
Total liabilities	651,712	4,001,819	528,084	5,181,615
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	-	45,000	-	45,000
Total deferred inflows of resources	-	45,000	-	45,000
NET POSITION				
Net investment in capital assets	1,754,002	(1,126,139)	10,697,842	11,325,705
Unrestricted	(121,280)	(44,573)	812,036	646,183
Total net position	\$ 1,632,722	\$ (1,170,712)	\$ 11,509,878	\$ 11,971,888

CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 169,192	\$ 111,360	\$ 461,955	\$ 742,507
Other	2,186	-	-	2,186
Total operating revenues	171,378	111,360	461,955	744,693
Operating expenses:				
Salaries and benefits	177,945	-	170,906	348,851
General and administrative	1,095,986	-	165,867	1,261,853
Supplies and miscellaneous	211,789	-	17,850	229,639
Parts and supplies	72,026	-	22,811	94,837
Utilities	-	-	31,166	31,166
Depreciation	224,731	2,435	252,144	479,310
Total operating expenses	1,782,477	2,435	660,744	2,445,656
Operating income (loss)	(1,611,099)	108,925	(198,789)	(1,700,963)
Nonoperating revenues (expenses):				
Interest income	-	-	1,944	1,944
Property taxes	-	-	98,923	98,923
Operating grants	1,402,414	-	22,452	1,424,866
Capital grants	687,607	-	353,307	1,040,914
Other revenue	-	103	22,248	22,351
Gain (loss) on disposal of property	(52,915)	-	-	(52,915)
Interest expense	-	(5,763)	(20,328)	(26,091)
Other nonoperating expense	-	(122,197)	-	(122,197)
Total nonoperating revenues (expenses)	2,037,106	(127,857)	478,546	2,387,795
Income before capital contributions and transfers	426,007	(18,932)	279,757	686,832
Transfers in	-	192,059	-	192,059
Transfers out	(75,209)	-	-	(75,209)
Change in net position	350,798	173,127	279,757	803,682
Net position - beginning	1,292,980	(1,911,004)	11,240,224	10,622,200
Prior period adjustments	(11,056)	567,165	(10,103)	546,006
Net position - beginning (restated)	1,281,924	(1,343,839)	11,230,121	11,168,206
Net position - ending	\$ 1,632,722	\$ (1,170,712)	\$ 11,509,878	\$ 11,971,888

**CITY OF MADERA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,293,367	\$ 117,319	\$ 185,245	\$ 1,595,931
Payments to suppliers	(1,404,462)	(6,830)	4,704	(1,406,588)
Payments to employees	(178,282)	-	(163,064)	(341,346)
Payments to other funds	(943,679)	529,614	-	(414,065)
Net cash provided (used) by operating activities	(1,233,056)	640,103	26,885	(566,068)
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	(75,209)	192,059	-	116,850
Other nonoperating revenues	-	103	22,248	22,351
Property taxes	-	-	98,923	98,923
Operating grants	1,402,414	-	22,452	1,424,866
Net cash provided (used) by noncapital financing activities	1,327,205	192,162	143,623	1,662,990
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(785,456)	-	(395,623)	(1,181,079)
Proceeds from the sale of assets	3,700	-	-	3,700
Capital grants	687,607	-	353,307	1,040,914
Principal paid on notes	-	-	(17,034)	(17,034)
Principal paid on bonds	-	(220,000)	-	(220,000)
Interest paid	-	(127,439)	(11,445)	(138,884)
Net cash provided (used) by capital and related financing activities	(94,149)	(347,439)	(70,795)	(512,383)
Cash flows from investing activities:				
Interest received	-	-	1,944	1,944
Net cash provided (used) by investing activities	-	-	1,944	1,944
Net increase (decrease) in cash and cash equivalents	-	484,826	101,657	586,483
Cash and cash equivalents - July 1, 2012	-	304,873	721,860	1,026,733
Cash and cash equivalents - June 30, 2013	\$ -	\$ 789,699	\$ 823,517	\$ 1,613,216

**CITY OF MADERA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to cash provided (used) by operating activities				
Operating income (loss)	\$ (1,611,099)	\$ 108,925	\$ (198,789)	\$ (1,700,963)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	224,731	2,435	252,144	479,310
(Gain) loss on disposal of capital	27,107	-	-	27,107
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	1,090,213	(39,041)	(276,710)	774,462
Increase (decrease) in accounts payable	(51,768)	(6,830)	242,398	183,800
Increase (decrease) in salaries payable	2,287	-	4,679	6,966
Increase (decrease) in due to other funds	(943,679)	529,614	-	(414,065)
Increase (decrease) in unearned revenue	31,776	-	-	31,776
Increase (decrease) in deferred inflow of resources	-	45,000	-	45,000
Increase (decrease) in compensated absences	(3,479)	-	2,382	(1,097)
Increase (decrease) in other postemployment benefit obligations	855	-	781	1,636
Net cash provided (used) by operating activities	<u>\$ (1,233,056)</u>	<u>\$ 640,103</u>	<u>\$ 26,885</u>	<u>\$ (566,068)</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments - unrestricted	\$ -	\$ 486,943	\$ 823,517	\$ 1,310,460
Cash and investments - restricted	-	302,756	-	302,756
Total cash and investments	<u>\$ -</u>	<u>\$ 789,699</u>	<u>\$ 823,517</u>	<u>\$ 1,613,216</u>
Noncash investing, capital, and financing activities:				
Developer and other capital contributions	\$ -	\$ -	\$ -	\$ -

CITY OF MADERA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and investments	\$ 1,264,078	\$ 23,513,847	\$ 23,060,482	\$ 1,717,443
Prepaid items	<u>282,567</u>	<u>117,922</u>	<u>282,567</u>	<u>117,922</u>
Total assets	<u>\$ 1,546,645</u>	<u>\$ 23,631,769</u>	<u>\$ 23,343,049</u>	<u>\$ 1,835,365</u>
LIABILITIES				
Accounts payable	\$ 44,483	\$ 154,858	\$ 167,509	\$ 31,832
Accrued liabilities	702,825	11,473,176	11,362,206	813,795
Deposit payable	19,389	15,350	14,375	20,364
Due to other governments	<u>779,948</u>	<u>386,167</u>	<u>196,741</u>	<u>969,374</u>
Total liabilities	<u>\$ 1,546,645</u>	<u>\$ 12,029,551</u>	<u>\$ 11,740,831</u>	<u>\$ 1,835,365</u>